

Panasonic

Panasonic Manufacturing Malaysia Berhad
(Company No.: 6100-K)

Annual Report

For the financial year ended 31 March 2017

2017

A Better Life, A Better World



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Form of Proxy

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Asmat bin Kamaludin
Chairman

Toyokatsu Okamoto
Managing Director

Raja Anuar bin Raja Abu Hassan

Datuk Supperamaniam a/l Manickam

Takayuki Tadano

Tan Sri Hasmah binti Abdullah

Siew Pui Ling

Yasuo Tonooka

Cheng Chee Chung

Toru Okano

Yuji Kogure

AUDIT COMMITTEE

Raja Anuar bin Raja Abu Hassan
Chairman
(Independent Non-Executive Director)

Datuk Supperamaniam a/l Manickam
(Independent Non-Executive Director)

Tan Sri Hasmah binti Abdullah
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Tan Sri Hasmah binti Abdullah
Chairman
(Independent Non-Executive Director)

Takayuki Tadano
(Executive Director)

Raja Anuar bin Raja Abu Hassan
(Independent Non-Executive Director)

Datuk Supperamaniam a/l Manickam
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Datuk Supperamaniam a/l Manickam
Chairman
(Independent Non-Executive Director)

Raja Anuar bin Raja Abu Hassan
(Independent Non-Executive Director)

Tan Sri Hasmah binti Abdullah
(Independent Non-Executive Director)

COMPANY SECRETARY

Leong Oi Wah
(MAICSA 7023802)

SOLICITORS

Shook Lin & Bok

REGISTRAR

Boardroom Corporate Services (KL)
Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7720 1188
Fax : +603-7720 1111

PRINCIPAL BANKERS

Bank of Tokyo-Mitsubishi UFJ
(Malaysia) Berhad
Malayan Banking Berhad

AUDITORS

KPMG PLT

REGISTERED OFFICE

No. 3 Jalan Sesiku 15/2
Section 15
Shah Alam Industrial Site
40200 Shah Alam
Selangor Darul Ehsan
Tel : +603 - 5891 5000
Fax : +603 - 5891 5101
Email : ir.pmma@my.panasonic.com

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Sector : Consumer Products
Stock Code : PANAMY 3719

**Tan Sri Datuk Asmat bin
Kamaludin**
Chairman

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT (Cont'd)

On behalf of the Board of Directors, I am pleased to present the Annual Report and annual audited financial statements of the Company for the financial year ended 31 March 2017.

The Company has performed well despite continued uncertainty of the global economy, rising raw material prices and volatile foreign currency exchange rates.

The Company once again crossed the RM1 billion sales mark for the second time, recording revenue of RM1.123 billion which constitute an increase of RM36.0 million or 3% against the registered revenue of RM1.087 billion in the previous year.

SUSTAINABILITY

Sustainability is an integral part of our business model and this is in process of being integrated into our business framework. Our goal is to actively foster sustainable development and increase positive impact in all relevant areas.

In this year's Annual Report, we present our inaugural Sustainability Reporting by demonstrating our commitment through various initiatives undertaken.

We remain focused on sustainability issues that are important to our business and our stakeholders.

Despite the challenges we faced, we are aware that there is more to do and will strive to continue our efforts to tackle the challenges and opportunities ahead.

HUMAN CAPITAL

The success of our Company is underpinned by a skilled and capable workforce. Only with a talent pool of the highest level can we achieve our objectives. Towards this end, the development of our human capital is an integral pillar to the Company.

We continue to implement various talent development programmes and employee engagement initiatives to nurture a caring work environment that is both challenging and rewarding for our employees.

Towards this end, we have empowered our workforce through systematic training programmes and career development initiative, promote a safe and healthy working environment, as well as offer attractive compensation and benefits scheme.

DIVIDENDS

The Company has consistently paid dividends while allocating funds for business growth and investment. For the financial year ended 31 March 2017, a final dividend of 102 sen (2016: RM124 sen) per ordinary share was recommended and it will be proposed for approval at the forthcoming Annual General Meeting.

INDUSTRY OUTLOOK AND PROSPECTS FOR 2017

The global economic and financial landscape remains challenging and will influence the prospects of the Malaysian economy. Gross Domestic Product is expected to grow at a slower pace of 4.5%. The current economic and political uncertainties in the Middle East region are expected to continue to affect the Company's export revenue.

The Company's operations remain affected by the ongoing tight labour market, rising raw materials prices and volatile foreign currency exchange rates. Nevertheless the Company is cautiously optimistic of the economic prospects and maintained a positive outlook, going forward. The Company remains steadfast in its continued efforts to reduce overall production costs in order to increase productivity and achieve higher profitability for the next financial year.

DIRECTORATE

The Board bids farewell to Mr. Akira Nishimura, Mr. Razman Hafidz Abu Zarim, Mr. Koji Takatori and Mr. Takao Uchiyama who resigned from the Board on 30 September 2016, 31 December 2016, 1 February 2017 and 27 March 2017 respectively.

The Board is pleased to welcome Mr. Toyokatsu Okamoto who was appointed as the Managing Director to the Company on 1 October 2016, YM Raja Anuar Raja Abu Hassan as the Independent Non-Executive Director on 1 January 2017, Mr. Yuji Kogure as the Executive Director on 14 February 2017 and Mr. Yasuo Tonooka as Non-Independent Non-Executive Director on 12 April 2017.

CHAIRMAN'S STATEMENT (Cont'd)

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my utmost and sincere appreciation and gratitude to our shareholders for your loyal support and sincere appreciation and gratitude in the Company. My warmest gratitude is also extended to the management and employees, for their dedicated work and commitment to delivering results and to ensure the success of the Company.

May we continue to work together and forge ahead to achieve greater growth and success for the betterment of the Company.



**Tan Sri Datuk Asmat
bin Kamaludin**
Chairman

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS



Toyokatsu Okamoto
Managing Director

The financial year ended 31 March 2017 was a year of economic uncertainty, both globally and in Malaysia. The Malaysian economy recorded a growth of 4.2% despite considerable external and domestic headwinds.

The global economic landscape was challenging given the subdued global demand. Domestically, the economy continued to face challenges from the higher cost of living amid soft employment conditions.

Concurrently, business and consumer sentiments were affected by a confluence of global and domestic factors, including the heightened volatility in financial markets and the significant underperformance of the Ringgit.

Domestic demand continued to anchor growth, supported mainly by private sector spending.

FINANCIAL REVIEW

The Company recorded revenue of RM1.123 billion which constitute an increase of RM36.0 million or 3% against the registered revenue of RM1.087 billion in the previous year.

The overall improvement in sales performance in the current year was mainly attributed to a favorable exchange condition, commendable performance from Fan products' higher sales for export market and contribution from project sales.

Although there is an improvement in revenue, the Company achieved a lower combined profit before taxation of RM158.1 million for the year ended 31 March 2017, which was lower by 14.6% or RM27.1 million against the previous year's combined profit before taxation of RM185.2 million due to higher operational expenses and other derivative losses.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

ASSOCIATED COMPANY

The associated company, Panasonic Malaysia Sdn. Bhd., registered consolidated revenue of RM1.424 billion for the financial year ended 31 March 2017, an increase of 2.6% or RM36.0 million over the previous year's consolidated revenue of RM1.388 billion.

Pre-tax and post-tax profits from its group operations, were RM41.0 million (2016: RM38.0 million) and RM32.5 million (2016: RM23.4 million) respectively.

RISKS MANAGEMENT

A comprehensive explanation of the Company's approach to risk management and the key risks to the Company is reported in the Statement on Risk Management and Internal Control.

SEGMENTAL BUSINESS REVIEW

I am pleased to report the financial and operational highlights for each of our business segments for the financial year ended 31 March 2017, in the following sections:

(a) Home Appliances Business

Home Appliances products recorded marginal increase in revenue of RM537.9 million as compared with the revenue of RM535.8 million registered in the previous year. The increase was mostly attributable to slightly higher sales volume resulting in marginal increase in export revenue from certain Home Appliances products which is quoted mainly in US Dollars.

The prospect for our Appliances business remains positive as the Company consolidates its position in the local and regional markets.

Although there was marginal higher revenue, the Home Appliances business achieved a lower profit before tax of RM59.1 million, a reduction of 38.6% or RM37.2 million as compared to profit before tax of RM96.3 million in the previous corresponding year. The decline in profit was mainly due to lower sales volume of certain products with higher profit margin in the current financial year as compared to the last financial year.

We will continue to expand our product portfolios to remain competitive, at the same time taking steps to mitigate currency exchange fluctuations which results in higher cost of imported raw materials.

(b) Fan Business

Fan products sales marked marginal improvement as compared to previous year with sales momentum gained from project sales and sales attributable to major housing development project from expanding market like South America.

Our Fan business performed relatively well, where it recorded a marginally higher profit before tax of RM85.4 million for the current year ended 31 March 2017, which was marginally higher by 10.8% or RM8.3 million as compared to the profit before tax in the previous year's of RM77.1 million, attributable to sales revenue from ceiling fan products having improved features of energy-saving direct current (DC) motor.

OPERATIONS REVIEW

Throughout the fiscal year, the Company pursued growth and innovation, despite facing challenges in the global economy, by continuing to expand its products and line up and exploring new markets.

As a result, the Company recorded higher sales to maintain our leadership in small appliances and Fan products.

In line with our new slogan "a better life, a better world", our offering of products cater for a wide range of customers' needs, keeping in mind that the Company will move steadfastly to sustainably grow its corporate value to satisfy shareholders, investors, customers, business partners, employees and all other stakeholders.

For Fan products business development, the Company is continuing to expand its product line up for strategic markets with dual functions of direct current (DC) motor and Light Emitting Diode (LED) technologies with added features of brightness selection and sensory capabilities. Fan products will continue to innovate with added new features focusing on energy-savings and state-of-the-art design, whilst at the same time, blends well with the environment yet safe for the customers.

Apart from new model development and upgrading of previous models, the Company has also undertaken measures to expand on its manufacturing capacity and capability. We continue to invest in technologically advanced facilities to cater for high speed and precision manufacturing of key components of our Fan products. In addition, we have also upgraded key processes in fan manufacturing from semi-automatic to fully automatic to enhance both product quality and productivity.

Last year we launched the three (3) and five (5) blades direct current (DC) motor Light Emitting Diode (LED) fans for high end-premium domestic market. This line up has enhanced safety features with improved performance in greater air delivery, resulting in improved sales revenue for Fan.

Meantime, we launched a new high speed Juicer featuring spinner and tumbler blender with safety switches and large capacity pulp container, with premium design to suit Asian and Middle East markets. This is in line with the promotion of healthy living to suit current generation preferences.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

The Company also introduced N-series home shower. Its stylish appearance coupled with large LCD display provides easy-to-use interface for customers to adjust shower temperature and shower modes. More safety features were added with nine (9) safety points that is safe for the whole family yet magic health functions come with eco and water saving, plus thermal effect to improve overall blood circulation.

Further new launches last year include bag-less vacuum cleaner models having ergonomic curved wand and long lasting suction power with mega cyclonic technology, targeting global market. For bagged vacuum cleaner, it offers full capture nozzle with elegant and colourful designs targeting Asian market.

Through our continued efforts in developing new products and exploring new markets, we have focused our resources and capabilities on small appliances. We will broaden our product range while maintaining market position and focusing on high value-premium products.

Next we will focus on sound management to increase profitability and manage production efficiency. We expect to reorganize systems and processes in order to enhance response time and monitor ongoing compliance.

As a global company we aim to create a positive change for people by helping them to live a better life full of possibilities.

We also support safety and environmental activities, creating products that promote energy saving and are eco-friendly. We will continue to work towards a safer work environment for our employees yet at the same time reducing our carbon footprint.

Another positive development was our environmental compliance audit conducted through an external environmental consultant on our two plants. The audit was performed to independently verify environmental compliance status of our facility operations and compliance with local laws and regulations. The corrective actions were reflected in the review and improvement of the Environment Management System.

RISKS AND PLANS TO MITIGATE THE RISKS

Foreign Currency Exchange Risk

The Company is directly exposed to foreign exchange fluctuations as the cost of raw materials and imported goods are denominated in foreign currencies. As such, the foreign exchange may have material effects to the costing of our products.

For imported goods, foreign currency exchange risk is partially managed through a natural hedge between revenue and purchases in the same currencies. Management has started hedging the remaining unhedged portion to mitigate currency risk on cash flow earnings.

Management will manage the timing of foreign currency revenue receipts vis-à-vis payment to raw material suppliers and the conversion of export proceeds into Ringgit Malaysia in compliance with the latest Bank Negara Malaysia foreign exchange policy for Malaysian exporters.

Downtime Risk

From operational perspective, the manufacturing division is exposed to downtime risk. The risk can occur in the unlikely event of fire, flood, power outage, workers on strike or machinery breakdown, thus resulting in production and delivery delays as well as reputational damage to the Company.

Product Safety Risk

The Company faced many challenges in product safety having been exposed to incidences of product quality market claim, in particular for new products. We have taken steps to establish a new design team independent from product engineering team to ensure design reviews are performed independently and perform more testing on the products to be launched.

NOTE OF APPRECIATION

In closing, we remain focused on growing our top and bottom lines whilst boosting the resilience of our businesses and operations. Although the weak market sentiments and challenging business environment are likely to continue in 2017, the Company has strong fundamentals and is well placed to overcome the challenges ahead.

On behalf of the Management, I would like to thank the Board of Directors for their invaluable advice, guidance and unwavering confidence. My appreciation also extends to our employees for their dedication, energy and hard work in creating value for our shareholders.

Toyokatsu Okamoto

Managing Director

INCREASE IN SHAREHOLDERS' WEALTH

As at 31 March 2017, the issued and paid-up capital of the Company is RM60,745,780 divided into 60,745,780 ordinary shares of RM1.00 each. Details of changes in the issued and paid-up share capital of the Company and cumulative number of shares held by a shareholder with an initial investment of 1,000 shares is shown below:

Financial Year / Period	No. of shares allotted	Descriptions	Total issued and paid-up capital (RM)	New shares issued to a shareholder	Cumulative number of shares held by a shareholder	Cost of Investment (RM)
12 / 1966	1,500,000	Issue of shares before listing	1,500,000	Nil	Nil	N/A
12 / 1966	1,500,000	Initial Public Offer	3,000,000	1,000	1,000	1,000
12 / 1975	6,000,000	- Bonus Issue of 2 for 1	9,000,000	2,000		Nil
	1,050,000	- Rights Issue of 35 for 100 @ RM1.00	10,050,000	350	3,350	350
	450,000	- Private Placement to Bumiputera Investors under New Economic Policy	10,500,000	Nil		N/A
12 / 1980	2,625,000	Bonus Issue of 1 for 4	13,125,000	838	4,188	Nil
12 / 1982	6,562,500	Bonus Issue of 1 for 2	19,687,500	2,094	6,282	Nil
3 / 1987	1,968,750	Bonus Issue of 1 for 10	21,656,250	628	6,910	Nil
3 / 1993	10,828,125	Bonus Issue of 1 for 2	32,484,375	3,455	10,365	Nil
3 / 1998	3,248,437	Bonus Issue of 1 for 10	35,732,812	1,037	11,402	Nil
3 / 2003	25,012,968	Bonus Issue of 7 for 10	60,745,780	7,982	19,384	Nil

As tabulated below, if a shareholder had bought 1,000 shares in the Company when it was listed in 1966, and assuming the shareholder had subscribed for rights issue of 350 shares in 1975 and did not sell any of the Company's shares till today, he would be holding a total of 19,384 shares (inclusive of 18,034 bonus shares) worth RM726,512 based on the market price of RM37.48 as at 14 July 2017. In addition, he would have received a total gross cash dividends of RM429,095 with a capital outlay of RM1,350 only. The dividends received/receivable and the appreciation in value translates to a remarkable compound annual growth rate of 15.1% on nominal value basis.

Initial Investment of a shareholder

Initial capital outlay (1966)	RM	1,000
Rights issue subscription (1975)	RM	350
Total Capital Outlay	RM	1,350

Wealth of a shareholder in long term

Initial investment (1966)	Unit	1,000
Rights issue shares subscribed (1975)	Unit	350
Total bonus shares received (1975 - 2003)	Unit	18,034
Total number of shares held	Unit	19,384
Closing market price per share (14 July 2017)	RM	37.48
Total value of shares held	RM	726,512
Cumulative gross cash dividends received / receivable (1969 - 2017)	RM	429,095
Total Wealth of a shareholder since Initial Investment	RM	1,155,607

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

We at Panasonic Manufacturing Malaysia Berhad are united in pursuing sustainable and equitable growth by ensuring our businesses operate in ethical, sound and responsible manner. As we move forward in our sustainable journey, we realise our significance and roles to partake in sustainability efforts in areas of economic, social and environment based on the importance to our stakeholders. Our mission is to contribute towards societal improvement through the products we produce and sell.

As a global company, we are committed towards utilising resources sustainably while creating positive impacts to both internal and external stakeholders. We are reflecting our sustainability commitment by operating a profitable business without compromising the well-being of society or the environment.

This inaugural chapter focuses on the material issues highlighted by our diverse stakeholders, namely our consumers; employees; suppliers; investors; communities and management. In order to address these material issues, the management approaches, targets and initiatives are discussed in this chapter.

As a corporate responsible company, we reaffirm our commitment to achieve sustainability in the way we conduct our businesses guided by Panasonic Corporation's philosophy in making profits only through positive public relations, high ethical standards and shareholder trust.

MATERIALITY

For the financial year, we have focused our reporting on seven (7) material issues. These material issues were identified through various mediums of stakeholder engagement.

Economic

- Indirect Economic Impacts
- Responsible Product and Services

Society

- Training and Education
- Employment

Environment

- Reducing Environmental Impact
- Environmental Compliance
- Energy Consumption

ECONOMIC

Growing alongside the Malaysian economy, we have contributed to the country's development by creating employment, diligent tax payments and supporting local goods and services.

Our sustainability agenda is driven strongly on company's focus in aligning our business activities with societal needs while reducing our environmental impacts.

Indirect Economic Impacts

(a) Local Procurement

Indicator	Year Ended 31 st March 2015	Year Ended 31 st March 2016	Year Ended 31 st March 2017
Total spent on procurement	RM868,670,182	RM648,336,253	RM681,921,405
Total Suppliers	252	258	245
Percentage of local suppliers	56%	56%	60%

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT (Cont'd)

For the year ended 31 March 2015 and 2016, fifty six per cent (56%) of our suppliers have been sourced from local businesses. This figure has shown positive increment in the year ended 31 March 2017, to sixty per cent (60%). By supporting local organisations through our supply chain management, we have directly contributed to the growth of local economy and indirectly attracted investments into the country. We hope to continuously support our local businesses in future by including more local criteria in our procurement practices.

(b) Responsible Procurement Practices

Supply chain management is an integral part of our businesses. Accordingly, we place great emphasis on our supply chain to maximise speed, efficiency and quality.

We have adopted international standards relevant to our business, namely ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001.

We hold our suppliers accountable for their products and services and encourage their greater involvement in best practices.

Accordingly, we have preference for suppliers with environmentally-friendly business practices, including use of recyclable materials, having sustainability certifications and energy-efficient products.

Moving forward, we aim to incorporate more comprehensive EES criteria in our supplier selection process.

(c) Responsible Manufacturing

Our Company is focused on implementing responsible manufacturing. We have aligned with our global sustainability efforts to implement responsible and systematic manufacturing processes while producing products of high quality and safe. We strongly believe that customer's safety is our utmost priority, therefore we ensure our products meets all safety requirements.

(d) Occupational Health and Safety and Environment

Our Company places a great emphasis on employees' health and safety. A strong health and safety culture would create a more productive team that enhances our operations and provide our customers with a peace of mind. This led us to establish the Environmental Committee to lead our Environmental management system in compliance with Environmental Quality Act and related regulations. We have received SIRIM QAS certification and have adopted OHSAS 18001:2007 standards. To further support and regulate our health and safety priorities at workplace, we have two safety officers stationed at our two plants, one for each plant. They conduct and facilitate various safety campaign and talks to increase safety awareness.

SOCIETY

Training and Education

Our employees are our most valuable assets and we have made it our priority to nurture a caring work environment that is both conducive and rewarding for our employees. We make sure that all our employees are well-trained and informed in the work subjects. For the financial year ended 31 March 2017, we have recorded an average of eight (8) training hours for management employees and two (2) training hours for non-management employees. We hope to improve this figure in the coming years by providing more diversified training programmes.

We expect to have our workforce empowered through systematic training programmes and career development opportunities while providing a safe and healthy working environment. In our company, every employee is treated equally without bias towards gender or age group. We also encouraged the promotion of workplace diversity.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT (Cont'd)

Employment

With our history spanning five (5) decades, we are proud to be served by a loyal and dedicated workforce. In an effort to award employees who build their careers with us, we will organise our annual Long Service Award in August 2017 to recognise employees who have served ten (10), twenty (20), thirty (30) and forty (40) years with our Company. This year we will present one hundred forty one (141) employees with the Long Service Award.

We also encouraged our employees to go for annual health screenings, especially for those aged forty (40) years old and above by allowing them to attend at panel hospitals for basic screenings at the Company's expense.

ENVIRONMENT

Reducing Environmental Impact

Assessment	Reducing carbon dioxide emissions from production activities and product use	Minimise the amount of net water consumption	Minimise environmental impact caused by waste discharge
Ongoing/Progress	Ongoing monitoring annually	Initial stage of monitoring. Full monitoring by 2020	Initial stage of monitoring. Full monitoring by 2020

Environmental Compliance

We had conducted environmental compliance audit between December 2016 and January 2017. As part of regulatory compliance framework, we have sought external consultants to independently verify our environmental compliance status in our two plants specifically on facility operations. This is to ensure compliance with environmental laws and regulations. The results and corrective actions were reflected in the findings and proactive actions have been taken accordingly.

Our brand slogan "A Better Life, A Better World" is essential in understanding our basic management philosophy on committing to making a significant contribution through our business operations while improving the lives of our customers. Through such people-centric philosophy we will be able to continue to provide better living by improving our customer's lives using our environmentally-friendly products. This has been an unchanging commitment towards our customers over the years.

Energy Consumption

We have always been committed in reducing carbon footprint by reducing our direct and indirect carbon emissions. This has been portrayed through improvising our manufacturing processes. We remained committed in sustaining raw materials and sources without affecting our production volume.

We are pleased to report that our Company has made a reduction of two hundred seventy two (272) tonne of carbon dioxide (CO₂), from four hundred ninety five (495) tonne for the year ended 31 March 2016 to two hundred (256) tonne for the year ended 31 March 2017.

As a responsible producer and manufacturer we are committed to minimise, as far as possible our environmental footprint through continuous improvement such as reducing raw material use and waste while conserving water and minimizing energy.

We understand that one of the main considerations by our customers is energy saving and environmental-friendly products. Therefore, we attempt to reduce environmental impact in our products using energy-efficient designs while making our products last longer.

Going forward

We are now working towards efficient use of energy, water and effluent discharge from sewage treatment plant to meet standard limit of regulations by year 2020. We also aim to replace our air pollution control facilities in making sure that our pollution discharges are in compliance with Environment Quality (Clean Air) Regulations 2014 by the same year.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT (Cont'd)



CORPORATE SOCIAL RESPONSIBILITY

Tree Planting, Cleaning, Waste Collection and Beautification

As a leading consumer electronics manufacturer, we believe that we are socially responsible towards the environment and communities we operate in. We have reached out to our surrounding communities by participating and contributing in various initiatives mainly focusing on community outreach, environment and education.

One of our successful initiatives was an event held on 20 August 2016 at Taman Tasik Kota Kemuning, Shah Alam. A total of one hundred (100) trees were planted by our three hundred and twenty four (324) Panasonic Group's volunteers together with eighteen (18) Town Council members. Other activities done on that day includes fish release and beautification of the lake surroundings by repainting and cleaning of existing amenities.

In Johor, the event was held on 27 August 2016 at Taman Muhibah, Kulai. Activities include the planting of four (4) trees and waste collection of six hundred and sixty (660) kilogrammes participated by one hundred and eighty (180) Panasonic's volunteers together with thirty (30) Town Council members.

In Malacca, the event was held on 20 August 2016 at Taman Teknologi Cheng. Cleaning and beautification activities were carried out by one hundred and thirty (130) Panasonic volunteers inclusive of two (2) local policemen. A total of five hundred and eight (508) kilogramme of waste was collected.

In Kedah, the event was held on 27 August 2017 at Tasik Mutiara, Kulim. Tree planting activity, cleaning the surroundings of a local kindergarten and a colouring contest held for kindergarten children. Two hundred and nine (209) participants comprising of local residents and kindergarten children from a local polytechnic volunteered in the activities. A total of five hundred seventy eight (578) kilogramme of waste was collected.

The Company will continue to participate in similar initiatives that provide our employees with a chance to give back to society in the future. The activities were carried out to create awareness in preserving and protecting the environment.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT (Cont'd)



Eco-Relay Activities

With regards to our global efforts in combating climate change on Earth Hour 2016, together with other companies within Panasonic Group located in Malaysia, our Company successfully co-organized tree planting, fish release activity, cleaning and beautification exercises through Eco Relay activities.

The event held throughout Malaysia attracted a total of nine hundred and eighty three (983) participants from the Panasonic Group of Companies and other stakeholders such as local council, police, local kindergarten, household and a polytechnic school.

In addition, we organised gotong-royong activities at our two plants by cleaning, repainting and beautifying the plants and their surroundings with the collective participation from Panasonic volunteers.

To mark the occasion, four (4) tree saplings were planted by our management at SA 2 plant.

The cleanliness exercise carried out for both plants was to improve and promote efficiency in the production system with minimal environmental impact. In addition, we are also working towards this goal by recycling our materials, promoting energy saving and efficient use of resources in our daily operations.

We are committed to promote sustainability by strengthening our internal systems and processes through tangible actions taken to improve our performance. We take cognisance of a growing investor interest in seeing our Company integrate sustainability into investment decisions and company engagements.

OUR COMMITMENT

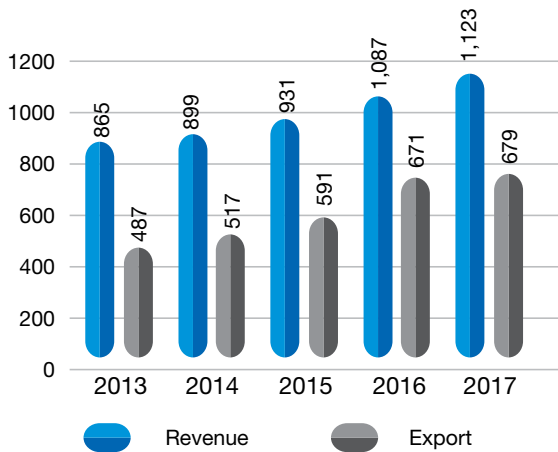
Sustainability is an integral part of our business strategy and management approach. We believe that this can only be achieved by operating a business without compromising the well-being of our society and the environment.

Moving forward, we will be leveraging on strong trust of our long term business partners, aligning our business approaches with our philosophy in sustainability across value innovation. We aim to embed sustainability more transparently into our business goals by making the essential improvements in our processes and ensuring that sustainability continues to be a foremost part of our business evolution.

FIVE-YEAR TREND

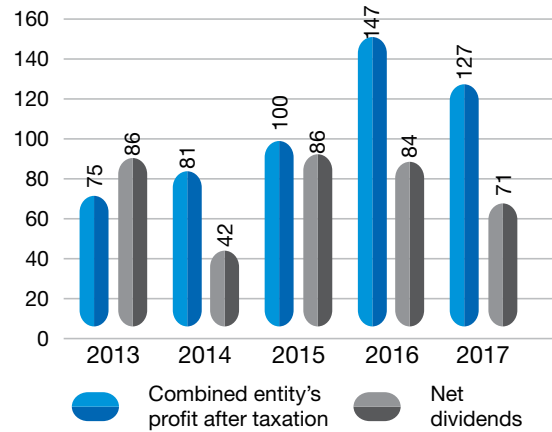
REVENUE / EXPORT

(RM' Million)



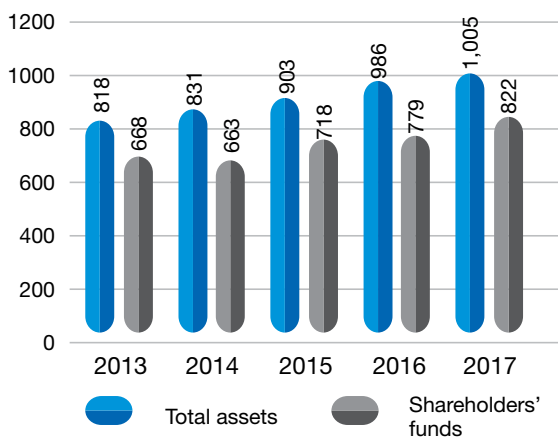
COMBINED ENTITY'S PROFIT AFTER TAXATION / NET DIVIDENDS PAID / PROPOSED

(RM' Million)



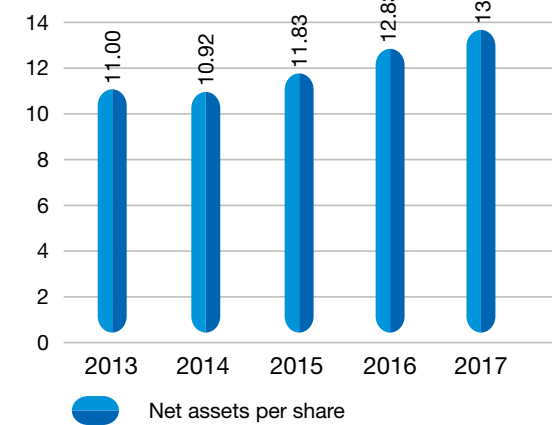
TOTAL ASSETS / SHAREHOLDINGS' FUNDS

(RM' Million)



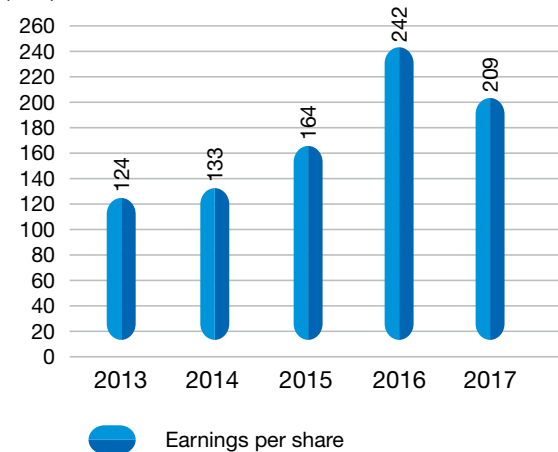
NET ASSETS PER SHARE

(RM)



EARNINGS PER SHARE

(Sen)



EMPLOYMENT

(Number of persons)



FIVE-YEAR FINANCIAL SUMMARY

financial year ended 31 March

Financial Data (Combined Basis)		2013	2014	2015	2016	2017
Revenue	RM'000	864,645	899,211	931,020	1,086,735	1,122,964
Profit before taxation	RM'000	94,930	105,199	129,833	185,172	158,099
Profit after taxation	RM'000	75,094	80,785	99,538	146,900	127,118
Gross dividends paid / proposed	RM'000	114,202	44,345	86,259	84,437	71,073
Net dividends paid / proposed	RM'000	85,652	42,067	86,259	84,437	71,073
Total assets	RM'000	817,641	831,127	903,229	986,093	1,005,444
Share capital	RM'000	60,746	60,746	60,746	60,746	60,746
Shareholders' funds	RM'000	668,135	663,268	718,462	779,103	821,784
FINANCIAL RATIOS						
Return on shareholders' funds	%	11.2	12.2	13.9	18.9	15.5
Earnings per share	sen	124	133	164	242	209
Net assets per share	RM	11.00	10.92	11.83	12.83	13.53
Dividend rate (gross)	%	188	73	142	139	117

FINANCIAL HIGHLIGHTS

Financial Data (Combined Basis)		Year Ended 31 March 2017	Year Ended 31 March 2016
Revenue	RM'000	1,122,964	1,086,735
Profit before taxation	RM'000	158,099	185,172
Profit after taxation	RM'000	127,118	146,900
Percentage of revenue	%	11.3	13.5
Return on shareholders' funds	%	15.5	18.9
Earnings per share	sen	209	242
Dividend rate	%	117	139
Shareholders' funds	RM'000	821,784	779,103
Net assets per share	RM	13.53	12.83
Total assets	RM'000	1,005,444	986,093
Capital expenditure	RM'000	43,615	30,491

FINANCIAL CALENDAR

Financial Year Ended

31 March 2017

Announcement of Results

- First Quarter
- Second Quarter
- Third Quarter
- Fourth Quarter / Annual

24 August 2016
29 November 2016
28 February 2017
30 May 2017

Issuance of 2017 Annual Report and Financial Statements

31 July 2017

52nd Annual General Meeting

30 August 2017

Interim Dividend

- Notice of Dividend Entitlement
- Entitlement Date
- Payment Date

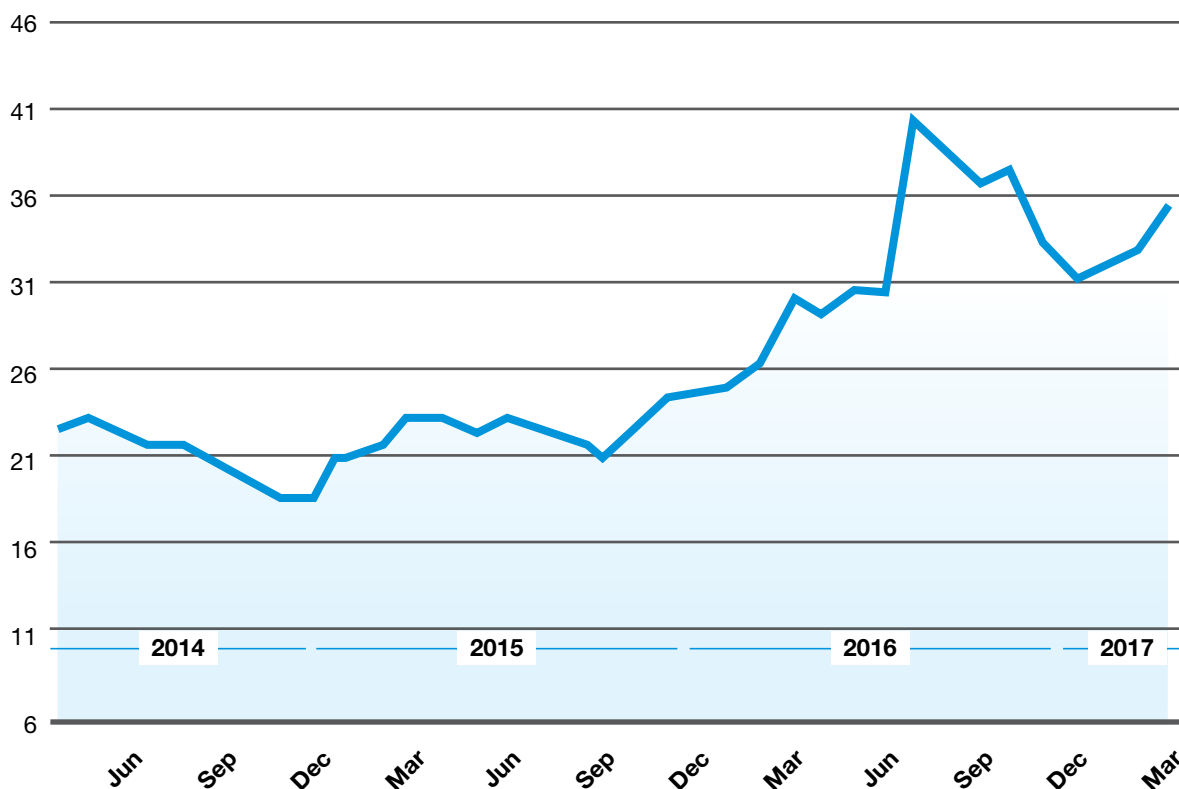
29 November 2016
28 December 2016
18 January 2017

Proposed Final and Special Dividends

- Notice of Dividend Entitlement
- Entitlement Date
- Payment Date

30 May 2017
8 September 2017
25 September 2017

SHARE PERFORMANCE



	2016										2017		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar
Highest (RM)	29.70	30.18	30.00	39.92	39.92	38.00	37.90	36.80	33.08		32.00	32.38	35.28
Lowest (RM)	27.88	28.44	29.00	29.50	35.00	35.10	35.32	32.30	30.28		30.12	31.34	31.26
Closing Share Price (RM)	28.58	29.88	29.78	39.78	37.90	36.00	37.00	32.80	30.68		31.42	32.38	34.90
Lots Traded (100 shares)	2,243	4,326	4,667	9,800	7,666	5,527	5,600	3,168	1,260		1,973	3,067	4,890

	2015										2016		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar
Highest (RM)	23.60	23.50	23.40	23.16	22.60	22.00	22.10	24.20	24.90		24.56	26.00	30.20
Lowest (RM)	22.52	21.80	21.62	21.88	21.32	20.30	20.66	22.00	23.00		23.66	24.10	25.80
Closing Share Price (RM)	23.00	22.20	23.00	22.50	21.80	20.80	22.00	24.10	24.28		24.40	25.80	29.68
Lots Traded (100 shares)	2,537	748	1,983	2,901	2,638	4,614	1,101	4,244	2,342		3,225	2,027	3,736

	2014										2015		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar
Highest (RM)	23.28	22.80	23.00	21.98	21.64	21.50	20.00	19.02	19.30		20.90	21.50	23.50
Lowest (RM)	21.68	21.84	21.80	20.80	20.80	20.00	18.68	18.30	18.30		18.30	20.52	21.40
Closing Share Price (RM)	22.20	22.68	21.80	21.04	21.30	20.00	19.00	18.30	18.50		20.50	21.40	23.20
Lots Traded (100 shares)	3,093	3,326	1,182	4,154	2,037	2,224	2,282	2,184	1,675		2,362	943	6,233

BOARD OF DIRECTORS



1



2



3



4



5

1. TAN SRI DATUK ASMAT
BIN KAMALUDIN
2. TOYOKATSU OKAMOTO
3. RAJA ANUAR BIN
RAJA ABU HASSAN
4. DATUK SUPPERAMANIAM
A/L MANICKAM
5. TAKAYUKI TADANO
6. TAN SRI HASMAH
BINTI ABDULLAH
7. SIEW PUI LING
8. YUJI KOGURE
9. CHENG CHEE CHUNG
10. TORU OKANO
11. YASUO TONOOKA



6



7



8



9



10



11

BOARD OF DIRECTORS' PROFILE

TAN SRI DATUK ASMAT BIN KAMALUDIN

Chairman

Aged 73. Malaysian. Tan Sri Asmat is the Senior Independent Non-Executive Director and Chairman of the Board since 29 August 2001. Tan Sri Asmat obtained a Bachelor of Arts (Hons) Degree in Economics from the University of Malaya in 1966 and subsequently obtained a Diploma in European Economic Integration from the University of Amsterdam in 1970. He had a distinguished career with the Ministry of International Trade and Industry, Malaysia ("MITI") for 35 years until his retirement as Secretary-General in January 2001. Tan Sri Asmat also had wide exposure in both domestic and international trade sectors whilst at MITI. He had served as Economic Counsellor for Malaysia in Brussels and worked with international bodies such as ASEAN, WTO and APEC and was actively involved in national organisations such as Johor Corporation, SMIDEC and MATRADE.

Currently, Tan Sri Asmat is the Group Chairman of Compugates Holdings Berhad, The Royal Bank of Scotland Berhad and is a Non-Executive Vice-Chairman of YTL Cement Berhad. He also sits on the Board of JACTIM Foundation and Air Asia X Berhad. In 2008, he was appointed by MITI to represent Malaysia as Governor on the Governing Board of The Economic Research Institute for ASEAN and East Asia a position he held for six years.

Tan Sri Asmat has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Board of Directors' Profile (Cont'd)



**TOYOKATSU
OKAMOTO**

Aged 59. Japanese. Mr Toyokatsu Okamoto was appointed the Managing Director of the Company on 1 October 2016. He graduated with a Bachelor's Degree in Osaka City University (Faculty of Engineering), Osaka, Japan.

Mr Toyokatsu Okamoto joined Matsushita Electric Works, Ltd ("MEW"), an affiliated company of Matsushita Electric Industrial Co., Ltd. ("MEI") and was assigned to System Engineering Section, Corporate Technology Research Laboratory as a technical staff in April 1981. In January 1984, he was assigned to Electrical Appliance Research Laboratory as a Coordinator and was assigned to Engineering Development Department, Personal Care Product Division after 4 years.

Mr Toyokatsu Okamoto was appointed an Engineer in the Engineering Development Department, Device Product Division in January 1996 and was assigned to Engineering Development Department, Personal Care Product Division as the Manager on January 1998. Subsequent to that, he was appointed the Manager of the Quality Assurance Department, Beauty & Personal Care Product Division before being appointed as the Manager of the Manufacturing Department, Beauty & Personal Care Product Division in January 2002.

In January 2004, Mr Okamoto was appointed as the General Manager of the Engineering Development Department, Beauty & Personal Care Product Division. Subsequently in year 2011, he was the General Manager of the Cooking Appliances Group, Beauty & Personal Care Product Division, Panasonic Electric Works Co., Ltd. ("PEW"), an affiliated company of Panasonic Corporation. Since January 2012, Mr Okamoto was appointed the General Manager of Cooking Appliances Department, Beauty & Living Product Division. He held this position until his appointment to Panasonic Manufacturing Malaysia Berhad.

Mr Toyokatsu Okamoto has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year since his appointment to the Board and has no convictions for any offences within the past 5 years, other than traffic offences, if any.



**DATUK
SUPPERAMANIAM
A/L MANICKAM**

Aged 72. Malaysian. Datuk Supperamaniam was appointed an Independent Non-Executive Director of the Company on 1 January 2008. He is the Chairman of the Nomination Committee and also a member of Audit Committee and Remuneration Committee of the Company. Datuk Supperamaniam graduated with a Bachelor of Arts (Hons) Degree in Economics from University of Malaya in 1970.

He joined the Malaysian Administrative and Diplomatic Service in October 1970 and was posted to the Ministry of International Trade and Industry as Assistant Director. He served in the same ministry for 33 years and held various held positions, including Senior Trade Commissioner for Malaysia in Hong Kong and The People's Republic of China, Director of International Trade. He was appointed Deputy Secretary-General of MITI from 1997 until his official retirement in March 2000. In May 2000, he was appointed by the Government of Malaysia to be the Ambassador / Permanent Representative of Malaysia to the World Trade Organisation in Geneva, Switzerland and held the position until September 2003. Since his retirement from public service, he now serves as a consultant/resource person for United Nations agencies, regional and international organisations and foreign governments. He serves as a member in several working groups and committees dealing with issues related to trade investment and economic development. He is the Independent Non-Executive Director of Shangri-La Hotels (Malaysia) Berhad and also Distinguished Fellow of Institute of Strategic and International Studies (ISIS) Malaysia.

Besides the aforesaid, he also serves as an Adjunct Professor to the International Islamic University of Malaysia and Science and Management University, Kuala Lumpur, and Advisor to the China-ASEAN Research Institute of Guangxi University, China. Recently, he has been appointed as a Member and Fellow of the International Academy of Belt and Road based in Hong Kong.

Datuk Supperamaniam has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended four out of five Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Board of Directors' Profile (Cont'd)



**TAKAYUKI
TADANO**

Aged 54, Japanese. Mr Tadano was appointed an Executive Director of the Company on 4 June 2012. He is also a member of the Remuneration Committee. He graduated with a Bachelor's Degree from the University of Kitakyushu, Japan (Faculty of Commerce).

Mr Tadano joined Panasonic Corporation in April 1987 as an accounting staff. He was posted to Matsushita Electric (Taiwan) in June 1994 and held the position as Coordinator. In July 1996, he returned to Japan and was assigned to Accounting Department, Electric Iron Division as a Senior Coordinator. In January 1997, he was posted to Panasonic Corporation's Malaysian subsidiary, Home Appliance R&D Centre as General Manager of Finance Department. In December 2000, he returned to Japan and was assigned to the Washing Machine Division as Senior Coordinator. In May 2004, he was posted to Panasonic-Wanbao (Guongzhou) Electric Iron Co., Ltd., Panasonic Corporation's subsidiary in China, as the Financial Director. In January 2010, he returned to Japan and was assigned to the Corporate Accounting Centre, Home Appliances Company and was promoted to the position of Manager which he held prior to his posting to Malaysia and appointment as the Executive Director of the Company. He is currently the Senior Division Executive for Administration which includes Finance, Information

systems, Risk Management and Internal Audit functions.

Mr Tadano has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.



**TAN SRI HASMAH
BINTI ABDULLAH**

Aged 66, Malaysian. Tan Sri Hasmah was appointed an Independent Non-Executive Director of the Company on 2 October 2013. She is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. Tan Sri Hasmah graduated with a Bachelor of Arts (Honours) from University of Malaya.

Tan Sri Hasmah binti Abdullah had a distinguished career spanning over 38 years and was the former Inland Revenue Board (IRB) Chief Executive Officer and Director General from 19 October 2006 to 7 January 2011.

Tan Sri Hasmah was instrumental in the drafting of the Promotion of Investment Act 1986 and amendments to the Income Tax Act 1967, leading the Malaysian delegation to several international conferences such as the Commonwealth Association of Tax Administrators Conference, the Study Group on Asian Tax Administrators and Research (SGATAR) Conference, the Association of Tax Administrators of Islamic Countries (ATAIC) Conference, International Tax Dialogue (ITD) and Reference Group of Commissioners Conference.

During her leadership at IRB, vast improvements and policy changes to the service delivery system were introduced in the IRB, in particular, refunds, which were made faster with the use of electronic filing. For the improvements and innovations that had impacted positively on the taxpaying public, the IRB was awarded the inaugural Prime Minister's Innovation Award in 2009.

Currently, Tan Sri Hasmah is an Independent Non-Executive Director of UMW Holdings Berhad. She is also a Commission Member of Securities Commission since 10 March 2011. She was a Tax Advisor to PricewaterhouseCoopers Malaysia for the period 1 July 2011 to 30 September 2013. She is a Fellow of the Chartered Tax Institute of Malaysia, a trustee of Malaysian Tax Research Foundation, a trustee of Dana Amal Jariah and since December 2014, an Executive Council member of the Selangor and Federal Territory Association for the Mentally Handicapped.

Tan Sri Hasmah has no shareholdings in the Company and its associated company. She also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She attended four out of five Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Board of Directors' Profile (Cont'd)



SIEW PUI LING

Aged 52. Malaysian. Ms Siew Pui Ling was appointed an Executive Director of the Company on 4 August 2014. She was graduated from Asia University of Tokyo with a Bachelor Degree of Business Administration Management.

Ms Siew Pui Ling joined the Company in 1991 and has more than 23 years in Sales and Marketing. Prior to this, she was assigned to Departmental Head for Logistic, Product Planning and Industrial Design. In 2008, she has merged Product Planning and Marketing Department as Sales Department. Prior to this, she established Voice of Customer Research' team (VOCR) to further strengthen Product Planning Operation. In 2012, she was assigned to Assistant Director and currently, she is responsible for Sales & Marketing, Logistic and Product Planning functions of the Company. Starting from April 2017, her portfolio has expanded to include Human Resource Department. She is currently the Senior Division Executive for Sales and Human Resource Division.

Ms Siew Pui Ling holds 100 shares in the Company but has no shareholdings in the associated company. She also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She attended four out of five Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.



**CHENG CHEE
CHUNG**

Aged 50. Malaysian. Mr Cheng Chee Chung was appointed a Non-Independent Non-Executive Director of the Company on 1 April 2015. He graduated with a Bachelor's Degree of Economics.

Mr Cheng Chee Chung joined Matsushita Industrial Corporation Sdn Bhd ("MAICO") (now known as Panasonic Appliances Air-Conditioning (M) Sdn Bhd ("PAPAMY")) in November 1989 under the Personnel Section. In October 1994, he was transferred to Domestic Sales Department, before promoted to Assistant Manager of Domestic Sales in July 1995.

In June 1998, he was promoted to Manager, International Marketing of Global Customer Satisfaction Matsushita Air-Conditioning Corp. Sdn Bhd (now known as PAPAMY). He was then transferred to Domestic Sales Department of MAICO in March 2000 before promoted to Assistant General Manager, Domestic Sales Department in June 2001.

He was transferred to Panasonic Malaysia Sdn Bhd ("PM") under Air Conditioning Division in October 2004. In December 2006, he was transferred to Home Appliances ("HA") division of PM before promoted as General Manager, HA Division in April 2007. In April 2009, he was then promoted to Associate Director, Consumer Product Marketing. After one year, he was promoted to Director, Consumer Product Sales & Aircond before promoted to Deputy Managing Director in April 2013. He was then promoted as Managing Director of PM on 1 April 2015.

Mr Cheng Chee Chung has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Board of Directors' Profile (Cont'd)



**TORU
OKANO**

Aged 58. Japanese. Mr Toru Okano was appointed an Executive Director of the Company on 1 January 2016. He graduated with a Bachelor's Degree in 1981 from Osaka Institute of Technology (Faculty of Engineering), Osaka, Japan.

Mr Toru Okano joined Matsushita Seiko Co., Ltd in Japan in 1981 and has served in various department of the company. In 1997 he was promoted to General Manager and in 2003 he was transferred to Matsushita Eco Systems, HQ Supplier Centre. He served 11 years there and rose to the position of Chief of Procurement Group, Global Manufacturing Centre in Japan. On 1 April 2015 he was joined Panasonic Manufacturing Malaysia Berhad as Business Head of Fan Division. He is currently the Senior Division Executive for Panasonic Ecology System Division.

Mr Toru Okano has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year since the date of his appointment and has no convictions for any offences within the past 5 years, other than traffic offences, if any.



**RAJA ANUAR BIN
RAJA ABU HASSAN**

Aged 62. Malaysian. YM Raja Anuar bin Raja Abu Hassan was appointed an Independent Non-Executive Director of the Company on 1 January 2017. He is a fellow of the Association of Chartered Certified Accountants (FCCA), a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Institute of Internal Auditors. He is also a chartered Accountant of the Malaysian Institute of Accountants. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

During his career, YM Raja Anuar held senior positions in finance and internal audit in several public listed companies in the financial services, manufacturing, telecommunications and plantations industries. YM Raja Anuar's previous experiences also include being on the board of several other public listed companies. He is currently an Independent Non-Executive Director of AmBank Islamic Berhad.

YM Raja Anuar has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year since his appointment to the

Board and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Board of Directors' Profile (Cont'd)



**YUJI
KOGURE**

Aged 48. Japanese. Mr Yuji Kogure was appointed an Executive Director of the Company on 14 February 2017. He graduated with a Bachelor's Degree in Waseda University (School of Education), Tokyo, Japan in 1992.

Mr Yuji Kogure joined Matsushita Electrical Industrial Co., Ltd. ("MEI") in April 1992. After an extensive corporate training programme, Mr Yuji Kogure was assigned to the Purchasing Section, Fuku Plant, Kitchen Appliances Division, Corporate Home Appliances as a Procurement Staff. In July 1994, Mr Yuji Kogure was assigned to Materials Section, Kobe Plant, the Kitchen Appliances Division.

From March 2002 until April 2011, he was working in Kobe Plant. Starting May 2011, Mr Kogure was assigned to Manufacturing Group, Hyogo Plant, Kitchen Appliance Business Unit, Home Appliances Company as the General Manager and subsequently the Plant Superintendent of the Kato Plant, Kitchen Appliances Business Division, Appliances Company, from April 2013 until August 2013.

On September 2013, Mr Kogure was transferred to Panasonic Corporation's Thai Subsidiary, Panasonic Appliances (Thailand) Co., Ltd. ("PAPTH") as a Director. He was transferred to Small Kitchen Appliance Business Unit Executive, Panasonic

Appliances Asia Pacific ("PAPAP"), as an Executive Director since February 2016. He is also concurrently under secondment to Panasonic Manufacturing Malaysia Berhad as Executive Director since 14 February 2017. He is currently the Senior Division Executive of Appliances Division of the Company since 7 April 2017.

Mr Yuji Kogure has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year since his appointment to the Board and has no convictions for any offences within the past 5 years, other than traffic offences, if any.



**YASUO
TONOOKA**

Aged 49. Japanese. Mr Yasuo Tonooka was appointed a Non-Independent Non-Executive Director of the Company on 12 April 2017. He graduated with a Bachelor's Degree in Ritsumeikan University (College of Law), Kyoto, Japan in 1991.

Mr Yasuo Tonooka joined Matsushita Electric Industrial Co., Ltd. ("MEI") in April 1991 and after undergoing extensive corporate training programme. He was assigned to the Human Resources Department, Microwave Oven Division, MEI as a Human Resources Staff in March 1997 and subsequently he was promoted as a Supervisor in April 1997.

In April 2002, Mr Yasuo Tonooka was assigned to Recruiting Section, Human Resource Department, MEI as a Senior Coordinator until March 2004. In April 2004 he and was assigned as a Councilor in the Human Resource Section, Human Resource Department, MEI after two years in April 2004. Subsequently, he was assigned to Human Resource Development Section, Human Resource department of Panasonic Corporation as a Manager in April 2009.

Mr Yasuo Tonooka was then assigned as the Manager in the Industrial Relations Section, Industrial Relations Department, Panasonic Corporation. On April 2015, he

was the General Manager of the Cold Chain Devices Human Resources Department, Human Resources and General Affairs Centre, Appliances Company. He was the Deputy Managing Director, Administration & Manufacturing Business Promotion, Panasonic Appliances Asia Pacific, Human Resources Strategy Centre Appliances Company until his promotion to the Company on 12 April 2017.

Mr Yasuo Tonooka has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He did not attend any Board Meetings during the financial year as he was appointed to the Board only recently and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

STATEMENT ON CORPORATE GOVERNANCE

COMMITMENT FROM THE BOARD

The Board of Directors of the Company (“the Board”) remains committed in maintaining the highest standards of corporate governance within the Company and adhering to the principles and best practices of corporate governance, through observing and practising the core values of the Malaysian Code on Corporate Governance, Bursa Malaysia’s Corporate Governance 2012 (the “Code”), Panasonic Code of Conduct and Panasonic Basic Business Philosophy. The commitment from the top paves the way for the Management and all employees to ensure the Company’s businesses and affairs are effectively managed in the best interest of all stakeholders.

The Board is aware that the Company is to apply the released MCCG (“New Code”) by Securities Commission on 26 April 2017 and to report the application of the practices of the New Code for the financial year ending 31 March 2018 (“FY2018”). The Board is reviewing each of the best practices of the New Code and will do its best to implement the best practices during FY2018 or provide suitable alternative approach and may defer some to the following years. In this respect, the Practice Note 4.2 would be deferred.

The Board is pleased to present the following reports on the application of the principles as set out in the Code and the extent to which the Group has complied with the principles and recommendation of the Code during the financial year ended 31 March 2017.

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS

Board Size, Leadership and Competencies

The current Board size of 10 members consists of 4 Independent Non-Executive Directors (including the Chairman), a Managing Director, 4 Executive Directors and 2 Non-Independent Non-Executive Directors. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements and fairly reflects the investment by minority shareholders through Independent Directors.

The Board leads the Company within a framework of prudent and effective controls. The Board comprises of members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives.

The Independent Non-Executive Directors act independently from Management and do not participate in the Company’s business dealings to ensure that they handle any conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances. There is a balance of Executive Directors and Non-Executive Directors so that no individual or small group of individuals can dominate the Board’s decision making.

The Independent Non-Executive Director, Tan Sri Asmat bin Kamaludin and Datuk Supperamaniam a/l Manickam have each served on the Board for a cumulative term of more than nine (9) years. Notwithstanding the recommendation of the Code to limit the tenure of the Independent Directors, the Board has adopted the policy that the tenure of all Directors irrespective of them being executive or non-executive will not be fixed. Although tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and therefore, provide more objectivity to the Board as a whole. The Board views that the annual assessment of the qualification of these Directors to remain on the Board to be sufficient.

For the Independent Directors of the Company, the Board views that they have vast experiences vast in diverse range of business to provide constructive opinion and exercise independent judgement. As the Company is a Panasonic Corporation’s controlled subsidiary, the Company’s Executive Directors are rotated among the companies in the Panasonic Corporation in enhancement of their career development. As there are changes in the members of the Executive Board every 2-3 years, the Company views that there should be stability in the members of the Independent Directors to ensure that the Company’s culture, conduct and philosophy is maintained or enhanced by the new executive members.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

Board Size, Leadership and Competencies (Continued)

The Company does not have a policy on diversity of gender, ethnicity and age. The appointment of Tan Sri Hasmah binti Abdullah and Ms Siew Pui Ling as Directors signify the Board's recognition of contribution by female directors to the Board. The age of the Directors range from 48 to 73 years old as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The profile of each Director is summarised on pages 20 to 25 of the Annual Report.

Board Duties and Responsibilities

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.

The Board adopts strategic and business plans aligned to ensure obligations to all stakeholders are met. The Board fulfils its oversight responsibility for financial and operational results, legal-ethical compliance and risk management. The Board is also responsible for reviewing the adequacy and integrity of the Company's internal controls systems and management information systems and ensuring that investor relations and succession planning programme are implemented.

There is a clear separation of duties and responsibilities of the Chairman and the Managing Director to ensure a balance of power and authority. The difference in the roles of Chairman and Managing Director provides a clear segregation of responsibility and accountability.

The Chairman of the Board, Tan Sri Datuk Asmat bin Kamaludin, is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders and other stakeholders.

The Board will review and ensure that any appointment, resignation/termination of Directors, Company Secretary and Auditors are duly executed and documented.

In furtherance of their duties, the Directors have full and unrestricted access to any information pertaining to the Company, the advice and services of the Company Secretary. Independent professional or other advices are also made available to Directors at the Company's expense and in accordance with decision of the Board as a whole should such advices are required.

Nevertheless, to ensure accountability, the Board has an overall responsibility for the proper conduct of the Company's business and the Board Charter adopted in 30 May 2013 sets out the respective roles and responsibilities of the Board and the management and is available on the Company's website. The Board Charter will be reviewed annually in November of each financial year or as and when required to take consideration the needs of the Company as well as development in rules, regulations and laws which may have an impact on the discharge of Board's duties and responsibilities.

On time commitment, the Board is satisfied with the level of commitment given by each Director in fulfilling their roles as Director of the Company. Each Director is expected to commit sufficient time to attend all Board and Committee meetings, AGM/EGM, Directors' training, discussion with Management of the Company and meetings with stakeholders of the Company. Pursuant to Paragraph 15.06 of the Listing Requirements, a Director must not hold directorships of more than 5 public listed companies. None of the Directors have exceeded the limit while members of the Board were expected to notify the Chairman prior to their acceptance of any new directorship in another public listed company.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

Conduct of Meetings

The Board met five (5) times during the financial year under review to approve, amongst others, the quarterly and annual financial results, business strategies and business plans, to review business performance of the Company and to ensure that the proper internal control systems are in place. Board and Board Committees meeting papers accompanying notes and explanations for agenda items were sent to the Directors at least 7 days before the meeting. Time is allocated for Directors to raise other matters not covered by the formal agenda.

The summary of attendance of the present Directors at the Board Meetings held during the financial year ended 31 March 2017 was as follows:

Name of Director	Meeting Attendance	% of Attendance
Tan Sri Datuk Asmat bin Kamaludin	5/5	100
Akira Nishimura (resigned on 30 September 2016)	3/3	100
Toyokatsu Okamoto (appointed on 1 October 2016)	2/2	100
Razman Hafidz bin Abu Zarim (resigned on 31 December 2016)	4/4	100
Datuk Supperamaniam a/l Manickam	4/5	80
Takayuki Tadano	5/5	100
Tan Sri Hasmah Binti Abdullah	4/5	80
Siew Pui Ling	4/5	80
Takao Uchiyama (resigned on 27 March 2017)	5/5	100
Cheng Chee Chung	5/5	100
Toru Okano	5/5	100
Koji Takatori (resigned on 1 February 2017)	3/4	75
Raja Anuar bin Raja Abu Hassan (appointed on 1 January 2017)	1/1	100
Yuji Kogure (appointed on 14 February 2017)	1/1	100
Yasuo Tonooka (appointed on 12 April 2017)	–	–

All proceedings, deliberations and conclusions of the Board Meetings are clearly recorded in the minutes of meetings, confirmed and signed as correct record by the Chairman of the Meeting.

The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors' Resolutions in Writing as allowed under the Company's Articles of Association.

Minutes of each Board and Board Committees Meeting are circulated to Chairman of Meeting for perusal prior to confirmation of the minutes at the following meetings.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

Directors' Continuing Education

All Directors including the newly appointed Directors during the financial year end 2017 have completed the Mandatory Accreditation Programme. Newly appointed Directors have also undergone a formal orientation and education programme including factory visits guided by other Directors and senior management.

During the financial year, the following Directors have also attended the following additional trainings, conferences, seminars and briefings relevant to their functional duties:

No.	Continuing Education Programme Attended	Date
1	Tan Sri Asmat bin Kamaludin - Learning from Leaders Session – with Group Chairman - UMW - White Room Session – PM' Office - Talk by the Mayor of Hiroshima entitled "From Hiroshima to Our World Without Nuclear Weapons - Beyond Human Atrocities" - Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders - BNB Course - UMW OIL & GAS Training - BURSA Training - Public Private Sector partnership – what to expect (MITI) - Sustainability Engagement Series for Directors / Chief Executive Officers 2017 - Integrity Course – PERODUA	April 26, 2016 May 10, 2016 June 9, 2016 July 22, 2016 September 23, 2016 October 26, 2016 November 12, 2016 November 21, 2016 March 13, 2017 – 9 am March 13, 2017 – 2.30 pm
2	Toyokatsu Okamoto - Mandatory Accreditation Programme - 2017 Annual Policy Meeting	November 9 & 10, 2016 March 30, 2017
3	Datuk Supperamaniam a/l Manickam - Navigating the Shifting Tides, Sustainability Practices and Reporting and the new Companies Bill - Corporate Reporting: Best Practices – Unravelling Annual Reports and Uncovering the Gems - MIA International Conference	July 26, 2016 September 22, 2016 November 15 & 16, 2016
4	Tan Sri Hasmah Binti Abdullah - ACI Breakfast Roundtable 2016 - Investment Mega Trends in the New Economy - Audit Committee Workshop I: Fraud Risk Management - Khazanah Megatrends Forum 2016 - Role of the Chairman and Independent Directors' - 2016 National Conference: Navigate Waves of Digital Revolution - Cost, Risk and Brand: The Director's Role in Protecting the Company - Against Corruption Seminar 2016 - Revised Auditor Reporting Standards – A Double Edged Sword - Boards and C-Level Executives: Balancing Trust and Tension - Public Sector Internal Audit Conference 2017 - CRO Forum 2017 : "CROs of Tomorrow"	April 26, 2016 August 9, 2016 August 10, 2016 September 26, 2016 September 28, 2016 October 11, 2016 November 24, 2016 December 8, 2016 January 17, 2017 January 23 & 24, 2017 February 23, 2017
5	Takayuki Tadano - 2017 Annual Policy Meeting	March 30, 2017

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS (CONTINUED)

No.	Continuing Education Programme Attended	Date
6	Cheng Chee Chung - APAC Policy Meeting - AV/HA Merchandising Confirmation Meeting - Global Marketing Strategy Meeting - APAC MD Conference - Panashop Meeting	April 28, 2016 July 20 & 21, 2016 October 18 & 19, 2016 October 21, 2016 January 11-14, 2017
7	Raja Anuar bin Raja Abu Hassan - Companies Act 2016 – Key Insights and Implication for Directors, Auditors/Accountants & Company Secretaries	March 13, 2017

BOARD COMMITTEES

The Board has established several Board Committees whose compositions and terms of reference are drawn up in accordance with the best practices prescribed by the Malaysian Code on Corporate Governance. The functions as well as authority delegated to the Board Committees are clearly defined in their terms of reference.

The Board Committees of the Company consist of the Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the respective Board Committees reports the outcome of the Board Committee Meetings to the Board, and if required, further deliberations are made at Board level.

Audit Committee

The Audit Committee provides independent review of the Company's financial results and internal control system to ensure compliance with the statutory and accounting policy disclosures requirements and to maintain a sound system of internal control. A full Audit Committee Report enumerating its membership, terms of reference and summary of activities is set out on pages 37 to 40 of the Annual Report. The Terms of Reference of the Audit Committee can be viewed on the Company's website

On a formal assessment on the performance and effectiveness of the Audit Committee and its members, the Board with the exception of the Directors who are also Audit Committee are generally satisfied that the size of the Audit Committee is large enough to perform the duties as defined and its judgment is not impaired as they are sufficiently independent from management. The Chairman of the Audit Committee has the strength, personality and tact dealing with Directors, Internal and External Auditors. In addition, the Chairman of the Audit Committee is experienced and effective in conducting meetings. The Audit Committee members have also fulfilled the requirements in terms of roles and responsibilities, in relations with External Auditors and Internal Auditors.

Nomination Committee

The Nomination Committee membership is comprise entirely of Independent Non-Executive Directors, as follows:

No.	Name	Designation
1.	Datuk Supperamaniam a/l Manickam (Chairman)	Independent Non-Executive Director
2.	Tan Sri Hasmah binti Abdullah (Member)	Independent Non-Executive Director
3.	Razman Hafidz bin Abu Zarim (Member) (resigned on 31 December 2016)	Independent Non-Executive Director
4.	Raja Anuar bin Raja Abu Hassan (Member) (appointed on 1 January 2017)	Independent Non-Executive Director

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

BOARD COMMITTEES (CONTINUED)

The Nomination Committee is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year was properly documented and minuted by the Company Secretary. The Terms of Reference of the Nomination Committee is also available on the Company's website.

Further details on the duties and activities of the Nomination Committee is set out in the Nomination Committee Report.

Re-election and Re-appointment

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to retirement and re-election by shareholders at the first opportunity after their appointment. It also provides that at least one-third of the remaining Directors including the Managing Director, are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors shall retire from office at least once in every 3 years and shall be eligible for re-election.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director including the Director over 70 years old who wishes to continue his office before making recommendation to the Board.

Remuneration Committee

The Remuneration Committee comprises of the following members, the majority of whom are Independent Directors:

No.	Name	Designation
1.	Tan Sri Hasmah Binti Abdullah (Chairman)	Independent Non-Executive Director
2.	Takayuki Tadano (Member)	Executive Director
3.	Datuk Supperamaniam a/l Manickam (Member)	Independent Non-Executive Director
4.	Razman Hafidz bin Abu Zarim (Member) (resigned on 31 December 2017)	Independent Non-Executive Director
5.	Raja Anuar bin Raja Abu Hassan (Member) (appointed on 1 January 2017)	Independent Non-Executive Director

At a meeting held on 26 May 2016 the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM410,000 in aggregate for the financial year ended 31 March 2017 to the Independent Non-Executive Directors. It was approved by the Shareholders at the AGM.

The remuneration package of the Non-Executive Directors including the Non-Executive Chairman was determined by linking their remuneration to the time commitment of each Director and whether the Directors take on additional responsibilities such as chairmanship or membership of the Board committees or Senior Independent Non-Executive Director and is a matter of the Board as a whole. The Non-Executive Directors who have an interest do not participate in discussions on their remuneration.

The Remuneration Committee members were also briefed on the basis of determination of remuneration package applied to the Executive Directors of the Company, which comprised of basic salary, annual adjustment, performance incentive, bonus and benefit-in-kind. The Company takes cognisance that the compensation packages of the Executive Directors appointed by Panasonic Corporation are subject to the global compensation practices of the worldwide Panasonic Group of Companies.

**STATEMENT ON
CORPORATE GOVERNANCE
(Cont'd)**

BOARD COMMITTEES (CONTINUED)

Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2017 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	415,063.35	376,008.00
Meeting allowance	–	33,216.00	72,271.35
Salary and other remuneration	4,292,806.41	–	4,292,806.41
Benefits-in-kind (BIK)	223,777.98	–	223,777.98
Total	4,516,584.39	448,279.35	4,964,863.74
Total (excluding BIK)	4,292,806.41	448,279.35	4,741,085.76

The remuneration of the Directors for the financial year ended 31 March 2017 within the following bands are as follows:

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to 50,000	0	1	1
RM50,001 to RM100,000	0	2	2
RM100,001 to RM150,000	0	2	2
RM400,001 to RM450,000	1	0	1
RM450,001 to RM500,000	1	0	1
RM700,001 to RM750,000	1	0	1
RM750,001 to RM800,000	1	0	1
RM800,001 to RM850,000	1	0	1
RM1,300,001 to RM1,310,000	1	0	1

The Company, Directors and officers have jointly contributed to a Directors and Officers Elite Insurance Policy since 2002. However, the said insurance policy does not indemnify a Director or officer for any offence or conviction involving negligence, fraud, dishonesty or breach of duty or trust.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The communication of clear, relevant and comprehensive information which is timely and readily accessible by all stakeholders is important to shareholders and investors for informed investment decision making. The means of communication with shareholders and investors are as follows:

Investor Relations

In line with the Main Market Listing Requirements, effort was made to improve the investor relations via the enhancement of the Company's website to allow the direct and easy access by the shareholders, investors and members of public to the Company's announcements, quarterly results, Annual Reports, Circulars to Shareholders etc released through Bursa Link and corporate videos presented to the shareholders during the AGM.

The Chairman, Executive Director and/or Management held meetings with major shareholders, fund managers and investment analysts, at their request, and Minority Shareholders Watchdog Group to enable them to gain a better understanding of the Company's business and operational activities to make informed investment decisions. Nevertheless, information is disseminated in strict adherence to the corporate disclosure requirements of Bursa Malaysia Securities Berhad.

Annual General Meeting

An active communication session was held with individual shareholders, proxies and corporate representatives who raised questions and concerns at the AGM. All resolutions put to the vote of the AGM were decided on a show of hands.

The Chairman and Managing Director are delegated with the authority to speak on behalf of the Company to members of the Press. A press statement was released to the Media after the conclusion of the AGM.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board as a whole is responsible for the accuracy and integrity of the Company's financial reporting. The Board, with assistance of the Audit Committee which provide a more specialised oversight of the financial reporting process, scrutinises all quarterly results and annual statutory financial statements prior to official release to regulatory authorities and shareholders.

Directors' Responsibility Statement

The Board is required by the Companies Act 2016 to ensure that the financial statements of the Company and its associated company ("the Combined Entity") represent a true and fair view of the state of affairs of the Combined Entity and that they are prepared in accordance with the applicable approved accounting standards in Malaysia, by applying appropriate accounting policies consistently and making prudent and reasonable judgments and estimates. Independent opinions and reports by External Auditors have added credibility to financial statements released by the Company.

The Board has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Combined Entity and to prevent and detect fraud and other irregularities.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal Control

The Board, with the assistance of the Audit Committee, continues to review its internal control processes and procedures to ensure as far as possible, that it maintains adequate levels of protection over its assets and the shareholders' investments. The Statement on Risk Management and Internal Control is set out on pages 41 to 43 of the Annual Report.

Relationship with Auditors

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the Audit Committee who has explicit authority to communicate directly with them.

The External Auditors are working closely with the Internal Auditors and Tax Consultants, without compromising their independence. Their liaison with the Internal Auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The External Auditors will continue to read all Internal Audit reports and discuss findings with the Internal Auditors.

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the External Auditors have brought to the Board's attention through the Audit Committee, all the significant accounting, auditing, taxation, internal accounting systems & process control and other related matters that arise from the audit of the financial statements of the Combined Entity. Audit Committee Members meet with the External Auditors twice a year without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

Whistleblowing Policy

The Company advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Whistleblowing Policy aims to establish a robust, transparent and accountable communication channel for Employees and Stakeholders of the Company to voice their concerns in an effective, responsible and secured manner when they become aware of actual or potential wrongdoings and enables the Company to take swift, fair and effective corrective actions to comply with the social and corporate responsibilities and maintain the support and trust of Employees and Stakeholders.

Employees and Stakeholders have the option to make whistleblowing reports in strict confidence through any of the following channels:

Reporting Mode	Contact Details
Letter	Panasonic Manufacturing Malaysia Berhad 3, Jalan Sesiku 15/2 40200 Shah Alam, Selangor Attention: Whistleblowing Committee
Online Submission	Whistleblowing Report Form
Electronic mail	compliance_pmma@my.panasonic.com

Confidentiality of all matters raised and the identity of the whistleblower are protected under this policy.

This Statement is made in accordance with the resolution of the Board of Directors dated 30 May 2017.

NOMINATION COMMITTEE REPORT

The Board of Directors of the Company ("the Board") is pleased to present the Nomination Committee Report for the financial year ended 31 March 2017 ("FY2017").

COMPOSITION

The composition of the Nomination Committee comprise entirely of Independent Non-Executive Directors, as follows:

No.	Name of Nomination Committee Member	No. of Meetings Attended
1.	Datuk Supperamaniam a/l Manickam (Chairman) (Independent Non-Executive Director)	3/4
2.	Tan Sri Hasmah binti Abdullah (Member) (Independent Non-Executive Director)	4/4
3.	Encik Razman Hafidz Bin Abu Zarim (Member) (Independent Non-Executive Director) (Resigned on 31.12.2016)	3/3
4.	Raja Anuar bin Raja Abu Hassan (Member) (Independent Non-Executive Director) (Appointed on 01.01.2017)	1/1

The Nomination Committee has written terms of reference dealing with its authority and duties which includes the selection and assessment of directors.

FUNCTIONS

The key functions of the Nomination Committee include the following:-

- Recommend new nominees to the Board as well as Board Committees for the Board's consideration;
- Annually review the Board's required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board; and
- Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

The Nomination Committee met four (4) times during FY2017.

NOMINATION COMMITTEE REPORT (Cont'd)

ACTIVITIES OF THE NOMINATION COMMITTEE

During FY2017, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

- a. reviewed the mix of skill and experience and other qualities of the Board;
- b. assessed the effectiveness of the Board as a whole, the Board committees and the Directors;
- c. discussed and recommended the appointment of new directors and re-election/re-appointment of retiring Directors; and
- d. discussed and recommended the changes in composition of the Audit Committee, Nomination Committee and Remuneration Committee.

Evaluation of Performance, Mix of Skills, Experience and Qualities

Based on the current position and practices of the Company, the Nomination Committee upon its review on 24 May 2017 was satisfied that the Board and Board Committees structure, size, composition, mix of skills and qualities of the Directors in FY2017 were appropriate and conformed to the best practices in the Malaysian Code on Corporate Governance 2012 ("the Code").

The Nomination Committee also conducted a formal assessment of performance and effectiveness of the Board, the Board Committees as well as individual Directors. As a post-evaluation process, the Company Secretary had summarised the results of evaluation and reported to the Directors allowing them to know their standing and the Board was encouraged to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements. From the annual assessment, the Nomination Committee was satisfied that all the Executive, Non-Executive and Independent Directors on the Board possess sufficient qualification to remain on the Board.

Save for the Nomination Committee members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the Nomination Committee Members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry. On the Board evaluation, the Committee agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. In general, the Board and Board Committees were functioning effectively as a whole having indicated a high level of compliance and integrity.

Re-election and Re-appointment

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to retirement and re-election by shareholders at the first opportunity after their appointment. It also provides that at least one-third of the remaining Directors including the Managing Director, are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors shall retire from office at least once in every 3 years and shall be eligible for re-election.

Directors' Independence

Consistent with the recommendation of the Code, the Nomination Committee undertook the independence assessment taking into account the Independent Directors' self-declaration on their compliance with the independence criteria under the Listing Requirements and the ability of the Independent Director to continue bringing independent and objective judgement to the Board deliberations. The Nomination Committee notes that there are no reasons that have come to their attention that the independence status of the Independent Directors is affected.

AUDIT COMMITTEE REPORT

The Board of Directors of the Company (“the Board”) is pleased to present the Audit Committee Report for the financial year ended 31 March 2017.

COMPOSITION

The composition of the Audit Committee comprise only of Independent Non-Executive Directors. The members of the Audit Committee and records of attendance of each member at Audit Committee meetings held during the financial year ended 31 March 2017 are as follows:

No.	Name of Audit Committee Member	No. of Meetings Attended
1.	Razman Hafidz bin Abu Zarim (Chairman) (Independent Non-Executive Director) (Resigned on 31.12.2016)	3/3
2.	Raja Anuar bin Raja Abu Hassan (Chairman) (Independent Non-Executive Director) (Appointed on 01.01.2017)	1/1
3.	Datuk Supperamaniam a/l Manickam (Member) (Independent Non-Executive Director)	4/4
4.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	4/4

The current Audit Committee comprises of 3 Independent Non-Executive Directors. The Chairman of the Audit Committee, YM Raja Anuar bin Raja Abu Hassan is a Member of the Malaysian Institute of Accountants and hence, the Company is in compliance with the Main Market Listing Requirements and Practice Note 13, which requires at least 1 Member of the Audit Committee to be a qualified accountant.

CONDUCT OF MEETINGS

The Audit Committee meets on a quarterly basis. There were four (4) Audit Committee Meetings during the financial year ended 31 March 2017. The Managing Director, Executive Director, Assistant Director, Finance, External Auditors and/or Internal Auditors were invited to attend the Audit Committee Meetings. The discussion of each meeting was tabled to and noted by the Board. The Chairman of Audit Committee reports on the main findings and deliberations of the Audit Committee Meeting to the Board.

AUDIT COMMITTEE REPORT (Cont'd)

DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities and report the same to the Board for approval:

Financial Reporting and Compliance

1. To review the quarterly results and annual audited financial statements of the Company, prior to the approval of the Board focusing particularly on:
 - (a) changes in or implementation of new accounting policies and practices;
 - (b) significant and unusual events;
 - (c) compliance with applicable approved accounting standards and other legal or regulatory requirements; and
 - (d) going concern assumption.
2. To review all related party transaction, as submitted by Management and any conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question of management integrity;

Risk Management and Internal Audit

3. To consider and approve Annual Risk Management Plan and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;
4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;
5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;
6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;
7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;
8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
9. To review any assessment of the performance and to approve any appointment, resignation or termination of the outsourced Internal Auditors function and inform itself of any resignations and reasons thereof;

AUDIT COMMITTEE REPORT (Cont'd)

DUTIES AND RESPONSIBILITIES (CONTINUED)

Statutory and Non-Statutory Audit

10. To review and discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
11. To review any matters concerning the appointment and re-appointment, audit fees and any questions of resignation, dismissal or removal of the External Auditors;
12. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;
13. To discuss on findings, problems and reservations arising from the interim and final statutory audits, External Auditors' Audit Committee Report and any matters the External Auditors may wish to discuss as well as to review the extent of cooperation and assistance given by the employees of the Company to the External Auditors;

Other Matters

14. To review the Statement of Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;
15. To consider such other matters as the Audit Committee considers appropriate or as authorised by the Board.

The Terms of Reference of the Audit Committee can be viewed on the Company's website.

INTERNAL AUDIT FUNCTION

The Internal Audit function is outsourced to an independent consulting firm whose main role is to undertake independent and systematic review of the system of internal controls so as to provide independent assurance on the adequacy and effectiveness of risk management, internal controls and governance process of the Company.

The Internal Auditor has no line of responsibility or authority over any operational or administrative function and is independent of the activities it audited. The professional fees incurred for the Internal Audit function in respect of the financial year ended 31 March 2017 amounted to RM83,601.80.

The following internal audit activities were carried out by the Internal Auditors during the financial year under review:

1. Formulation of an agreement with the Audit Committee on the risk-based internal audit plan that is consistent with the Company's objectives and goals.
2. Conducted various internal audit engagements in accordance with the audit plan.
3. Self-assessment of its competency and reporting to the Audit Committee of the qualification and experience of its human resources on yearly basis.

AUDIT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year under review:

Financial Reporting

1. Review of the unaudited quarterly results and performance of the Company.
2. Review of the draft Statutory Financial Statements of the Company for the financial year ended 31 March 2017 and recommended to the Board for approval.

External Audit

1. Discussion on the External Auditors' Report to the Audit Committee for the financial year ended 31 March 2016 and the Annual Audit Plan for the financial year ended 31 March 2017.
2. Meetings with the External Auditors without Management's presence twice during the year to discuss on key concerns and obtain feedback on the state of internal controls.
3. Reviewed and recommended to the Board non-audit services provided by the External Auditors and its affiliates which included review of Statement on Internal Control.
4. Made recommendations to the Board on the re-appointment of the External Auditors.

Internal Audit

1. Assessment of performance and competency of the internal audit function.
2. Review of Internal Audit Reports on Procurement Management, Finance Control Management and Production/ Assembly Management with recommendations by the Internal Auditors, Management's response and follow-up actions taken by the Management and monitoring the same with the Internal Auditors.

Compliance

1. Review of the state of internal control of the Company and extent of compliance with the established policies, procedures and statutory requirements.
2. Review of the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report 2017.

Related Party Transactions

1. Review of the draft circular to shareholders in relation to recurrent related party transactions of a revenue or trading nature (RRPT) and quarterly review of Summary of RRPT.

Assessment

1. Discussion on Summary of Assessment on the Performance and Effectiveness of Audit Committee and its members.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of listed companies is required to include in their annual report, a “statement about the state of internal control of the listed issuer as a company”. In addition, the revised Malaysian Code on Corporate Governance 2012 issued by Securities Commission Malaysia requires the board to establish a sound risk management framework and internal control system. The Board of Directors is pleased to provide the following statement that is prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities which outlines the nature and scope of the risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITIES

The Board of Directors of the Company (“Board”) recognizes the importance of sound risk management practices and internal controls to safeguard shareholders’ investments and the Company’s assets. The Board affirms its overall responsibility for the Company’s system of risk management and internal control which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. The Board is responsible for determining the nature and extent of the strategic risk that the Company is willing to take to achieve its objectives, whilst in parallel maintaining sound risk management and systems of internal control.

The Board tasks Management to identify and assess the risks faced by the Company, and thereafter design, implement and monitor appropriate internal controls to mitigate and control those risks. There are inherent limitations to any system of internal control and the system is designed to manage and minimize impact rather than completely eliminate risks that may impact the achievement of the Company’s business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

KEY PROCESSES OF THE SYSTEM OF INTERNAL CONTROL

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Executive Directors assist the Board in ensuring that the Company’s daily operations are performed in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- The Audit Committee assists the Board to review the adequacy and integrity of the system of internal control and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee reviews the internal control issues identified by the Internal Auditors, the External Auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of the risk management and system of internal control. The Audit Committee also reviews the Internal Audit functions with particular emphasis on the scope of audits and the competency as well as performance. The minutes of the Audit Committee Meetings are circulated and tabled at each Board Meeting on a quarterly basis. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on page 37 to 40 of the Annual Report.
- The Internal Audit function has been outsourced to external service providers to provide independent assurance and consulting activities and serves to assist the Company in achieving its objectives. The function had been outsourced to Deloitte Enterprise Risk Services Sdn. Bhd. (“Deloitte”).
- The Internal Auditors evaluate the efficiency of risk management, the system of internal control, and governance process and highlights significant findings in respect of any non-compliance with policies and procedures. The Internal Auditors conduct its audits according to an internal risk based audit plan approved by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY PROCESSES OF THE SYSTEM OF INTERNAL CONTROL (CONTINUED)

Internal audit activities carried out by Deloitte during the financial year under review included audits conducted on the Company's operations, as follows:

1. Procurement Management
2. Corporate Governance Review
3. Finance Control Management
4. Production / Assembly Management
5. Revenue and Billing Management
6. Follow-up review on the previous Internal Audit Reports (i.e. PMMA01/16, PMMA02/16 and PMMA/03/16)

Internal audits are carried out according to the Audit Plan approved by the Audit Committee. The resulting reports from the audits undertaken are presented to the Audit Committee during the Audit Committee meetings. The Audit Committee meets to review, discuss and direct actions on matters pertaining to reports which, among other matters, include findings relating to the adequacy and integrity of the internal control systems of the Company. After the Audit Committee has deliberated on the reports, these are then forwarded to the operational management for attention and necessary actions. The operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.

ENTERPRISE RISK MANAGEMENT PROCESS

Risk management is firmly embedded in the Company's management system as Management firmly believes that risk management is critical for the Company's sustainability and the enhancement of shareholder value.

- Company's Enterprise Risk Management Objectives
 - Preserve the safety and health of its employees.
 - Ensure the continuity of its supply to consumers and customers at all times.
 - Protect its assets and reputation.
 - Ensure that the Company's operations do not impact negatively on the community in which it operates and the environment.
 - Protect the interests of all other stakeholders.
 - Promote an effective risk awareness culture where risk management is an integral aspect of the Company's management systems.
 - Ensure compliance with the Malaysian Code of Corporate Governance.
- The risk management function is outsourced to the external service provider, who assists the Board to oversee the overall management of principal areas of risks of the Company.
- The Audit Committee is briefed periodically by the external service provider on the Company's Risk Management Program and its activities in the Audit Committee meeting.
- The Compliance Committee has been established to promote strong self-check system to ensure compliance is top priority in the Company's business activities. It also ensured that timely information is shared across all divisions and all levels.
- The Management Committee has also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business operations. Its function includes review of registration of new suppliers, investment/expenditure by the Company exceeding stipulated amount and to review any changes in Company's policy and procedures. Its members comprise Assistant Directors and above. It acts as a control for the senior management before the Company's MD provides its final seal of approval.
- Other internal committees include the Information Security Management Working Committee, Quality Committee, Safety & Health and Fire Prevention Committee and "Cost Buster" Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

ENTERPRISE RISK MANAGEMENT PROCESS (CONTINUED)

- The Company's business units monitor and explain performance against budgets on a monthly basis at the monthly operation meetings, factory management review meetings, quality assurance review meetings and cost innovation meetings attended by the Directors and Senior Management of the Company. Comprehensive monthly financial and management reports are prepared for effective monitoring and decision making. The monitoring of performance variances are followed up and management actions are taken to rectify any deviations on a timely and effective manner.
- Accounting manuals are in place towards ensuring that the recordings of financial transactions are complete and accurate.
- Standard operating procedure (SOP) manual sets out policies and procedures for day to day operations to be carried out. Periodic reviews are performed to ensure that the SOP remains current, relevant and aligned with evolving business environment and operational needs.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements for inclusion in the annual report, the Managing Director and Finance Director have provided assurance to the Board stating that the Company's risk management and internal control systems have operated adequately and effectively, in all material aspects, to safeguard shareholders' interests and the Company's assets.

The Board is satisfied that there are sound and sufficient controls in place that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report were noted. No weaknesses in internal control that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report were noted.

The Board's review however does not encompass the system of internal control of its associated company, Panasonic Malaysia Sdn Bhd ("PM"), as it does not have direct control over their operations. Notwithstanding the above, the Company's interest is served through representation on the Board of PM and receipt and review of management accounts, reports on quarterly basis, the key performance of PM and the general market environment. Such initiatives provide the Board with vital information on the activities of PM and safeguarding of the Company's interest.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

(1) Utilisation of Proceeds raised from Corporate Proposal

Not applicable.

(2) Non-Audit Fees

For the financial year under review, the non-audit fees incurred by the Company payable to the External Auditors, Messrs. KPMG and its affiliated company were RM15,000.

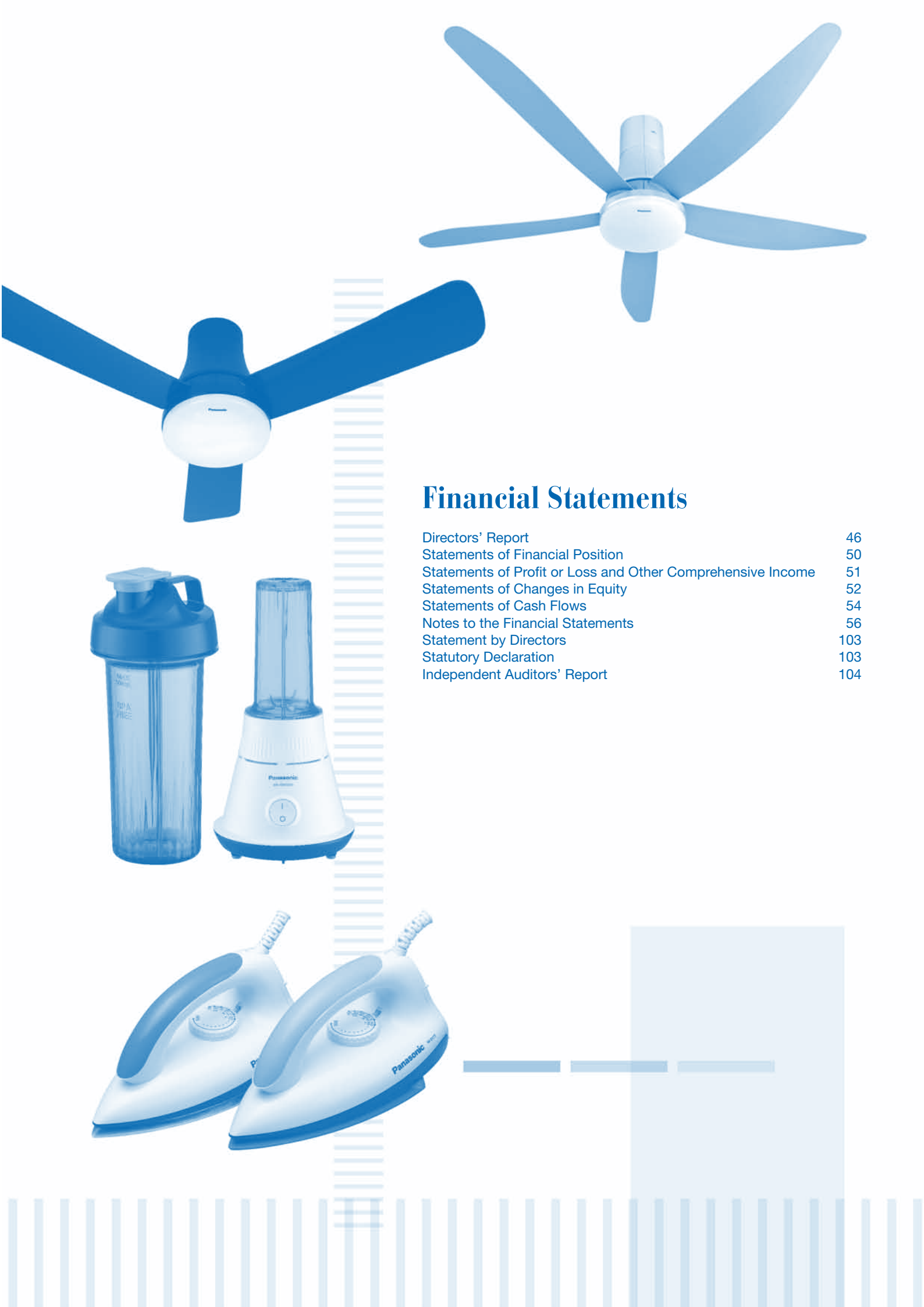
(3) Material Contracts

There were no material contracts of the Company, involving Directors' and major shareholders' interests, entered into since the end of the previous financial year or still subsisting at the end of the financial year under review.

(4) Key Management

The key management personnel of the Company are as follows and their profile are on pages 21 to 25:

Toyokatsu Okamoto	Managing Director
Takayuki Tadano	Executive Director - Head of Finance and Administration
Siew Pui Ling	Executive Director - Head of Sales and Human Resources
Yuji Kogure	Executive Director - Head of Operations - Appliances Division
Toru Okano	Executive Director - Head of Operations - Panasonic Ecology System Division



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Combined Entity and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacture and sale of electrical home appliances and related components whilst the principal activities of the associated company are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING CORPORATION

The Directors regard Panasonic Corporation, a corporation incorporated in Japan, as the ultimate holding corporation during the financial year and until the date of this report.

RESULTS

	Combined Entity RM'000	Company RM'000
Profit for the year attributable to owners of the Company	127,118	126,847

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review, other than as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- (i) In respect of the financial year ended 31 March 2016 as reported in the Directors' Report of that year:
 - a final single tier dividend of 124 sen per ordinary share totalling RM75,324,767 declared on 26 August 2016 and paid on 23 September 2016.
- (ii) In respect of the financial year ended 31 March 2017:
 - an interim single tier dividend of 15 sen per ordinary share totalling RM9,111,867 declared on 2 December 2016 and paid on 18 January 2017.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 March 2017 is 102 sen per ordinary share, subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid up capital of the Company as at the date of this report, the final dividend would amount to approximately RM61,960,696.

DIRECTORS' REPORT (Cont'd)

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Datuk Asmat bin Kamaludin	
Datuk Supperamaniam a/l Manickam	
Tan Sri Hasmah binti Abdullah	
Takayuki Tadano	
Siew Pui Ling	
Cheng Chee Chung	
Toru Okano	
Toyokatsu Okamoto	(Appointed on 1 October 2016)
Raja Anuar bin Raja Abu Hassan	(Appointed on 1 January 2017)
Yuji Kogure	(Appointed on 14 February 2017)
Yasuo Tonooka	(Appointed on 12 April 2017)
Akira Nishimura	(Resigned on 30 September 2016)
Razman Hafidz bin Abu Zarim	(Resigned on 31 December 2016)
Koji Takatori	(Resigned on 1 February 2017)
Takao Uchiyama	(Resigned on 27 March 2017)

In accordance with Article 97 of the Company's Articles of Association, Takayuki Tadano and Siew Pui Ling retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with Article 102 of the Company's Articles of Association, Toyokatsu Okamoto, Raja Anuar bin Raja Abu Hassan, Yuji Kogure and Yasuo Tonooka, retire under casual vacancy at the forthcoming Annual General Meeting, and being eligible, offers themselves for re-election.

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.4.2016	Number of ordinary shares		At 31.3.2017
		Bought	Sold	
Interest in the Company				
Siew Pui Ling	100	–	–	100

None of the other Directors holding office at 31 March 2017 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage given to Directors and officers of the Company pursuant to Directors and Officers Liability Insurance is RM20,000,000.

OTHER STATUTORY INFORMATION

Before the financial statements of the Combined Entity and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Combined Entity and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Combined Entity and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Combined Entity and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Combined Entity and of the Company misleading.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

- (i) any charge on the assets of the Combined Entity or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Combined Entity or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Combined Entity has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Combined Entity and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Combined Entity and of the Company for the financial year ended 31 March 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 14 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Datuk Asmat bin Kamaludin
Director

Toyokatsu Okamoto
Director

Kuala Lumpur,

Date: 30 May 2017

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2017

	Note	Combined Entity		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Property, plant and equipment	3	74,981	62,030	74,981	62,030
Interest in associated company	4	151,553	151,282	2,000	2,000
Deferred tax assets	5	9,061	11,320	9,061	11,320
Total non-current assets		235,595	224,632	86,042	75,350
Inventories	6	50,284	43,844	50,284	43,844
Trade and other receivables	7	116,863	110,952	116,863	110,952
Derivative financial assets	8	271	5,151	271	5,151
Cash and cash equivalents	9	602,431	601,514	602,431	601,514
Total current assets		769,849	761,461	769,849	761,461
Total assets		1,005,444	986,093	855,891	836,811
Equity					
Share capital	10	60,746	60,746	60,746	60,746
Retained earnings		761,038	718,357	611,485	569,075
Total equity		821,784	779,103	672,231	629,821
Liabilities					
Provision for liabilities and charges	11	232	193	232	193
Total non-current liabilities		232	193	232	193
Trade and other payables	12	175,546	188,253	175,546	188,253
Provision for liabilities and charges	11	6,349	9,148	6,349	9,148
Derivative financial liabilities	8	47	120	47	120
Taxation		1,486	9,276	1,486	9,276
Total current liabilities		183,428	206,797	183,428	206,797
Total liabilities		183,660	206,990	183,660	206,990
Total equity and liabilities		1,005,444	986,093	855,891	836,811

The notes on pages 56 to 102 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2017

	Note	Combined Entity		Company	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Revenue	13	1,122,964	1,086,735	1,122,964	1,086,735
Cost of sales		(899,105)	(841,380)	(899,105)	(841,380)
Gross profit		223,859	245,355	223,859	245,355
Other operating income		5,823	5,383	18,564	8,568
Distribution and marketing cost		(59,672)	(60,907)	(59,672)	(60,907)
Administrative expenses		(41,503)	(34,922)	(41,503)	(34,922)
Other operating expenses		(7,163)	(1,198)	(7,163)	(1,198)
Results from operating activities		121,344	153,711	134,085	156,896
Finance income		23,743	22,410	23,743	22,410
Share of results of associated company (net of tax)		13,012	9,051	–	–
Profit before tax	14	158,099	185,172	157,828	179,306
Tax expense	15	(30,981)	(38,272)	(30,981)	(38,272)
Profit for the year and total comprehensive income for the year		127,118	146,900	126,847	141,034
Basic earnings per ordinary share (sen)	16	209	242	209	232

The notes on pages 56 to 102 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Combined Entity				
At 1 April 2015		60,746	657,716	718,462
Total profit and comprehensive income for the year		–	146,900	146,900
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2015	17	–	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2015	17	–	(55,886)	(55,886)
- Interim dividend for the financial year ended 31 March 2016	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(86,259)	(86,259)
At 31 March 2016/1 April 2016		60,746	718,357	779,103
Total profit and comprehensive income for the year		–	127,118	127,118
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2016	17	–	(75,325)	(75,325)
- Interim dividend for the financial year ended 31 March 2017	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(84,437)	(84,437)
At 31 March 2017		60,746	761,038	821,784

The notes on pages 56 to 102 are an integral part of these financial statements.

**STATEMENTS OF
CHANGES IN EQUITY
for the year ended 31 March 2017
(Cont'd)**

Company	Note	Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
At 1 April 2015		60,746	514,300	575,046
Total profit and comprehensive income for the year		–	141,034	141,034
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2015	17	–	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2015	17	–	(55,886)	(55,886)
- Interim dividend for the financial year ended 31 March 2016	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(86,259)	(86,259)
At 31 March 2016/1 April 2016		60,746	569,075	629,821
Total profit and comprehensive income for the year		–	126,847	126,847
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2016	17	–	(75,325)	(75,325)
- Interim dividend for the financial year ended 31 March 2017	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(84,437)	(84,437)
At 31 March 2017		60,746	611,485	672,231

The notes on pages 56 to 102 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2017

Note	Combined Entity		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities				
Profit before tax	158,099	185,172	157,828	179,306
Adjustments for:				
Property, plant and equipment				
- depreciation	30,549	23,393	30,549	23,393
- write-offs	74	866	74	866
- gain on disposal	(176)	(110)	(176)	(110)
Movement in provision of liabilities and charges	1,902	(2,527)	1,902	(2,527)
Dividend income from associated company (gross)	–	–	(12,741)	(3,185)
Interest income	(23,743)	(22,410)	(23,743)	(22,410)
Share of results of associated company	(13,012)	(9,051)	–	–
Net unrealised foreign exchange loss	286	1,079	286	1,079
Fair value loss/(gain) on derivative financial instruments	4,807	(9,169)	4,807	(9,169)
Operating profit before changes in working capital	158,786	167,243	158,786	167,243
Changes in working capital:				
Inventories	(6,440)	4,057	(6,440)	4,057
Trade and other receivables	(6,300)	(50,517)	(6,300)	(50,517)
Trade and other payables	(12,604)	32,050	(12,604)	32,050
Cash generated from operations	133,442	152,833	133,442	152,833
Tax paid	(36,512)	(33,652)	(36,512)	(33,652)
Rework cost paid	(2,931)	(50)	(2,931)	(50)
Warranty paid	(1,654)	(2,289)	(1,654)	(2,289)
Employee welfare scheme paid	(77)	(132)	(77)	(132)
Net cash generated from operating activities	92,268	116,710	92,268	116,710

The notes on pages 56 to 102 are an integral part of these financial statements.

**STATEMENTS OF
CASH FLOWS
for the year ended 31 March 2017
(Cont'd)**

	Note	Combined Entity		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment		(43,615)	(30,491)	(43,615)	(30,491)
Proceeds from disposal of property, plant and equipment		217	170	217	170
Interest received		23,743	22,249	23,743	22,249
Dividends received		12,741	3,185	12,741	3,185
Net cash used in investing activities		(6,914)	(4,887)	(6,914)	(4,887)
Cash flows from financing activity					
Dividends paid		(84,437)	(86,259)	(84,437)	(86,259)
Net cash used in financing activity		(84,437)	(86,259)	(84,437)	(86,259)
Net increase in cash and cash equivalents		917	25,564	917	25,564
Cash and cash equivalents at 1 April 2016/2015		601,514	575,950	601,514	575,950
Cash and cash equivalents at 31 March	9	602,431	601,514	602,431	601,514

The notes on pages 56 to 102 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Panasonic Manufacturing Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Principal place of business/Registered office

No. 3, Jalan Sesiku 15/2
Section 15, Shah Alam Industrial Site
40200 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements as of and for the financial year ended 31 March 2017 comprise the Company and its associated company (together referred to as “the Combined Entity” and individually referred to as “Combined Entity entities”). The financial statements of the Company as of and for the year ended 31 March 2017 do not include other entities.

The Company is principally engaged in the manufacture and sale of electrical home appliances and related components whilst the principal activities of the associated company are as stated in Note 4 to the financial statements.

The immediate holding company during the financial year was Panasonic Management Malaysia Sdn. Bhd., incorporated in Malaysia. The ultimate holding corporation during the financial year was Panasonic Corporation incorporated in Japan is listed on the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 30 May 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Combined Entity and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Combined Entity and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (Continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Combined Entity and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, and Amendments to MFRS 140; and
- from the annual period beginning on 1 April 2019 for those accounting standards that is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (Continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Combined Entity and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Combined Entity and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Combined Entity and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(iii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Combined Entity and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Combined Entity and Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions based on historical experience and other factors, including expectations of future events that are deemed reasonable are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Notes 2(j), 5 and 11.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Combined Entity entities, unless otherwise stated.

(a) Basis of consolidation

(i) Associates

Associates are entities, including unincorporated entities, in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transactions costs. The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(i) Associates (Continued)

When the Company's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealised income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Company's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Combined Entity entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Combined Entity or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement

The Combined Entity and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the Combined Entity's accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Combined Entity or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is de-recognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Combined Entity will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The annual rates representing the estimated useful lives for the current and comparative periods are as follows:

• Buildings	2 ½% - 5%
• Plant and machinery	10% - 50%
• Furniture, fittings and equipment	5% - 20%
• Motor vehicles	25%
• Leasehold land	99 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leased assets

Operating lease

Leases, where the Combined Entity or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Combined Entity and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets (except for investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the recoverable value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amount of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (Continued)

(ii) Other assets (Continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Combined Entity and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Combined Entity's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Combined Entity and the Company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Provisions

A provision is recognised if, as a result of a past event, the Combined Entity and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Provision for rework cost

The Combined Entity and the Company recognise at the reporting date the estimated liability on all expenditure for the rework cost due to parts quality problem or safety issues arising from usage of the products.

The provision, in anticipation of the risk of potential occurrence of certain events based on past experiences, is calculated based on management's best estimate of the expenditure expected to be incurred over the historical claim ratio and quantity produced over a specified period of time.

The amount of provision of rework expenditure will be charged to profit or loss and any unutilised portions of the provision are reviewed annually and retained based on the risks and obligation specific to that particular product. Where the Combined Entity's and the Company's assessment reveals that there are no further risks associated with a product, the provision would be fully reversed. These provisions are recognised in line with the Panasonic group's global quality policy.

(ii) Provision for warranty

Existing products

The Combined Entity and the Company apply judgement and recognise the estimated liability on all products still under warranty at the reporting date. This provision is calculated based on a pre-determined percentage on annual sales of the products for a period of one year. The amount of provision of warranty claims will be charged to profit or loss and any unutilised portion of the warranty provision will be written back to profit or loss in the following financial year. Sales of parts are exempted from any warranty provision. For products which have exceeded the warranty period, the Combined Entity and the Company will undertake to inspect, repair or replace the parts at an appropriate cost.

Discontinued products

The provision for warranty on discontinued products is computed based on historical warranty data over the remaining expected warranty term. The utilised amount of warranty provision will be charged to profit or loss and any unutilised portion of the warranty provision is reviewed annually and retained based on the risks and obligation specific to that particular product. These provisions are recognised in line with the Panasonic group's global quality policy.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Revenue recognition

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Combined Entity's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(m) Finance income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(n) Research and development

Research and development expenditure is recognised as an expense except that costs incurred on development projects are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits. Development costs initially recognised as expenses are not recognised as an asset in a subsequent financial years. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Equity instruments

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Combined Entity presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Operating segments

An operating segment is a component of the Combined Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Combined Entity's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Combined Entity, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Combined Entity uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Combined Entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Combined Entity recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

3. PROPERTY, PLANT AND EQUIPMENT

Combined Entity and Company

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 April 2015	7,566	57,862	260,435	49,345	5,439	380,647
Additions	–	–	28,345	1,521	625	30,491
Disposals	–	–	(661)	–	(215)	(876)
Write-off	–	(5,042)	(9,059)	(3,931)	(26)	(18,058)
At 31 March 2016/1 April 2016	7,566	52,820	279,060	46,935	5,823	392,204
Additions	–	–	39,598	3,122	895	43,615
Disposals	–	–	(736)	–	(354)	(1,090)
Write-off	–	–	(9,624)	(767)	(128)	(10,519)
At 31 March 2017	7,566	52,820	308,298	49,290	6,236	424,210
Accumulated depreciation						
At 1 April 2015	1,392	51,591	225,914	42,171	3,721	324,789
Charge for the year	76	926	19,324	2,443	624	23,393
Disposals	–	–	(661)	–	(155)	(816)
Write-off	–	(4,216)	(9,027)	(3,923)	(26)	(17,192)
At 31 March 2016/1 April 2016	1,468	48,301	235,550	40,691	4,164	330,174
Charge for the year	76	786	26,763	2,184	740	30,549
Disposals	–	–	(736)	–	(313)	(1,049)
Write-off	–	–	(9,560)	(757)	(128)	(10,445)
At 31 March 2017	1,544	49,087	252,017	42,118	4,463	349,229
Carrying amounts						
At 1 April 2015	6,174	6,271	34,521	7,174	1,718	55,858
At 31 March 2016/1 April 2016	6,098	4,519	43,510	6,244	1,659	62,030
At 31 March 2017	6,022	3,733	56,281	7,172	1,773	74,981

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

4. INTEREST IN ASSOCIATED COMPANY

At cost	Combined Entity		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares	2,000	2,000	2,000	2,000
Share of post-acquisition reserves	149,553	149,282	–	–
Interest in associated company	151,553	151,282	2,000	2,000

Set out below is the associate of the Company as at 31 March 2017, and the associate has share capital consisting solely of ordinary shares, which are held directly by the Company.

Name of entity	Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2017	2016
Panasonic Malaysia Sdn. Bhd.	Malaysia	Associate	40%	40%

The Company holds a 40% (2016: 40%) equity interest in its associated company, Panasonic Malaysia Sdn. Bhd., a company incorporated in Malaysia. The principal activities of the associated company consist of the sales of consumer electronic products, home appliances, batteries, office automation, project systems and room air-conditioners under the brand name Panasonic.

The investment in associated company over which the Company has significant influence (but no control over its operations) is accounted for using the equity method. The investment is initially recognised at cost and adjustment thereafter to include the Company's share of post-acquisition distributable and non-distributable reserves of the associated company.

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

4. INTEREST IN ASSOCIATED COMPANY (CONTINUED)

(a) Summarised financial information for associated company

Set out below are the summarised financial information of Panasonic Malaysia Sdn. Bhd. which are accounted for using the equity method.

(i) Summarised statement of financial position of the associated company:

	2017 RM'000	2016 RM'000
<u>Current</u>		
Cash and cash equivalent	436,184	462,880
Other current assets (excluding cash)	192,470	174,605
Total current assets	628,654	637,485
Financial liabilities (excluding trade payables)	(563)	(10,637)
Other current liabilities (including trade payables)	(297,570)	(296,730)
Total current liabilities	(298,133)	(307,367)
<u>Non-current</u>		
Assets	53,957	54,515
Financial liabilities	–	(503)
Other liabilities	(4,830)	(5,134)
Total non-current liabilities	(4,830)	(5,637)
Net assets	379,648	378,996

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

4. INTEREST IN ASSOCIATED COMPANY (CONTINUED)

(a) Summarised financial information for associated company (Continued)

- (ii) Summarised statement of profit or loss and other comprehensive income of the associated company:

	2017 RM'000	2016 RM'000
Revenue	1,423,739	1,387,774
Other operating income	61,061	62,904
Finished goods and spare parts purchased/utilised	(1,132,819)	(1,116,755)
Changes in inventories	5,161	(1,337)
Operating expenses	(306,152)	(275,152)
Depreciation of property, plant and equipment	(5,118)	(4,737)
Other operating expenses	(4,772)	(14,668)
Profit from operations	41,100	38,029
Finance costs	(60)	(74)
Profit before taxation	41,040	37,955
Taxation	(8,534)	(14,537)
Net profit and total comprehensive income for the financial year	32,506	23,418
Gross dividends received from associate	12,741	3,185

(b) Reconciliation of net assets to carrying amount as at 31 March

	2017 RM'000	2016 RM'000
Combined Entity's share of net assets	151,860	151,598
Elimination of unrealised profits	(307)	(316)
Carrying amount in the statement of financial position	151,553	151,282

(c) Combined Entity's share of results for the year ended 31 March

	2017 RM'000	2016 RM'000
Combined Entity's share of net profit and total comprehensive income	13,012	9,051

(d) Other information

	2017 RM'000	2016 RM'000
Cash dividends received by the Combined Entity	12,741	3,185

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

5. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
<u>Deferred tax assets</u>		
Deferred tax assets	9,061	11,320
At 1 April 2016/2015	11,320	13,554
(Charged)/Credited to profit or loss		
- property, plant and equipment	(1,375)	(1,116)
- provisions	(1,820)	(1,168)
- others	936	50
	(2,259)	(2,234)
At 31 March	9,061	11,320

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

Combined Entity and Company	Assets		Liabilities		Net	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Property, plant and equipment	1,732	3,107	–	–	1,732	3,107
Provisions	6,470	8,290	–	–	6,470	8,290
Others	913	182	(54)	(259)	859	(77)
Net tax assets/ (liabilities)	9,115	11,579	(54)	(259)	9,061	11,320

Movement in temporary differences during the year

Combined Entity and Company	At 1.4.2015 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31.3.2016/ 1.4.2016 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31.3.2017 RM'000
Property, plant and equipment	4,223	(1,116)	3,107	(1,375)	1,732
Provisions	9,458	(1,168)	8,290	(1,820)	6,470
Others	(127)	50	(77)	936	859
	13,554	(2,234)	11,320	(2,259)	9,061

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVENTORIES

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Raw materials	30,977	27,257
Work in progress	2,578	2,071
Finished goods	16,676	14,473
Consumable stores	53	43
	50,284	43,844
Recognised in profit or loss:		
Inventories recognised as cost of sales	681,561	651,444
Write-down to net realisable value	548	871
Reversal of write-down	(69)	(3,345)

7. TRADE AND OTHER RECEIVABLES

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Trade receivables	827	664
Amount due from ultimate holding corporation	1,026	977
Amount due from associated company	18,414	20,465
Amount due from related companies	81,908	72,775
	102,175	94,881
Other receivables	8,481	9,928
Deposits	1,916	2,118
Prepayments	4,291	4,025
	116,863	110,952

Credit terms given to trade receivables ranged from 30 to 60 days (2016: 30 to 60 days).

The balances due from ultimate holding corporation, associated company and related companies are in respect of trading transactions which are unsecured, interest free and have repayment terms ranging from 30 to 60 days (2016: 30 to 60 days) except for the amounts of RM5,000,000 (2016: RM3,150,000) which are in respect of non-trading transactions that are unsecured, interest free and repayable on demand.

The trade and other receivable balances, amount due from ultimate holding corporation, amount due from associated company and amount due from related companies are within the stipulated credit period and there were no past due balances.

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency exposure profile of trade receivables, amount due from ultimate holding corporation, amount due from associated company, amount due from related companies, other receivables and deposits is as follows:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	42,494	45,403
United States Dollar	67,329	59,137
Japanese Yen	2,547	1,961
Euro	202	425
Others	–	1
	112,572	106,927

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value	Assets RM'000	Liabilities RM'000
Combined Entity and Company			
2017			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
	USD29,614,000	264	–
	YEN44,200,000	–	(47)
	SGD124,000	7	–
	EUR280,000	–	–
		271	(47)
2016			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
	USD12,925,000	4,982	–
	YEN100,820,000	75	(94)
	SGD247,000	–	(26)
	EUR344,000	94	–
		5,151	(120)

Non-hedging derivatives

The Combined Entity and the Company use forward currency contracts to manage transaction exposures. These contracts are not designated as cash flow or fair value hedges.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Combined Entity and the Company in currencies other than Ringgit Malaysia to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. In general, the Combined Entity's and the Company's policy is to enter into foreign currency forward contracts to mitigate foreign exchange risk of highly probable forecasted transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as payment on services and other related expenditure.

9. CASH AND CASH EQUIVALENTS

	Combined Entity and Company	
	2017	2016
	RM'000	Restated RM'000
Fixed deposits	480,000	560,000
Cash and bank balances	122,431	41,514
	602,431	601,514

The currency exposure profile of cash and cash equivalents is as follows:

	Combined Entity and Company	
	2017	2016
	RM'000	RM'000
Ringgit Malaysia	536,987	590,315
United States Dollar	65,134	10,920
Japanese Yen	147	86
Euro	116	193
Singapore Dollar	12	-
Thailand Baht	35	-
	602,431	601,514

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. CASH AND CASH EQUIVALENTS (CONTINUED)

Credit rating profiles of banks in which the deposits, cash and bank balances have been placed are as follows:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
- AAA/AA1	301	1,216
- AA2	691	399
- Non-rated*	601,426	599,892
	602,418	601,507
Cash on hand	13	7
	602,431	601,514

* The deposit, cash and bank balances are the funds placed with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd. which is not rated. The credit rating profiles of Panasonic Corporation, the ultimate holding corporation of Panasonic Financial Centre (Malaysia) Sdn. Bhd. is rated A3.

(a) Fixed deposits

The fixed deposits are the placement of funds with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

The weighted average interest rates of fixed deposits that were effective for the financial year are as follows:

	Combined Entity and Company	
	2017 %	2016 %
Ringgit Malaysia	3.64	4.04

The average maturity days of placement of funds with a related company is as follows:

	Combined Entity and Company	
	2017	2016
Ringgit Malaysia	90 days	90 days

The placement of funds in other currencies is on a daily call basis.

(b) Cash and bank balances

Bank balances are deposits held on call with banks and a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. SHARE CAPITAL

Share capital

	Combined Entity and Company			
	Amount 2017 RM'000	Number of shares 2017 '000	Amount 2016 RM'000	Number of shares 2016 '000
Ordinary shares, issued and fully paid:				
At 1 April/31 March	60,746	60,746	60,746	60,746

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

11. PROVISION FOR LIABILITIES AND CHARGES

Combined Entity and Company	Rework cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Total RM'000
At 1 April 2015	5,567	7,725	842	205	14,339
(Credited)/Charged to profit or loss	922	(3,278)	(159)	(170)	(2,685)
Utilised during the financial year	(50)	(2,289)	(132)	–	(2,471)
Present value adjustments	–	–	–	158	158
At 31 March 2016/ 1 April 2016	6,439	2,158	551	193	9,341
(Credited)/Charged to profit or loss (Note 14)	(2,644)	1,720	2,787	(148)	1,715
Utilised during the financial year	(2,931)	(1,654)	(77)	–	(4,662)
Present value adjustments	–	–	–	187	187
At 31 March 2017	864	2,224	3,261	232	6,581
2016					
Current	6,439	2,158	551	–	9,148
Non-current	–	–	–	193	193
	6,439	2,158	551	193	9,341
2017					
Current	864	2,224	3,261	–	6,349
Non-current	–	–	–	232	232
	864	2,224	3,261	232	6,581

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)

(a) Rework cost

As part of its quality control initiative, the Combined Entity and the Company have made a provision for rework cost for certain products and undertake to inspect, repair or replace items that are found not performing up to the Combined Entity's and the Company's quality standards, if any. A provision has been recognised at the financial year based on management's best estimate of the expenditure.

(b) Warranty

The Combined Entity and the Company recognise the estimated liability on all products still under warranty at the reporting date. This provision is calculated based on actual sales. For products which have exceeded the warranty period, the Combined Entity and the Company will undertake to inspect, repair or replace the parts at an appropriate cost.

(c) Employees welfare scheme

Employee welfare scheme is a scheme to encourage voluntary redundancy. Provision made as at year end is measured based on the number of employees who have accepted the offer.

(d) Retirement gratuity scheme

The Combined Entity and the Company provide retirement gratuity for employees who have been in employment for a certain number of years. Upon official retirement, the employees shall receive a lump sum payment of RM1,000 per person as recognition of their service contribution to the Combined Entity and the Company. A provision has been recognised at the financial year end for expected gratuity payments based on the number of staff eligible under this scheme.

12. TRADE AND OTHER PAYABLES

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Trade payables and accruals	121,197	134,815
Employee benefits	17,231	15,374
Amount due to ultimate holding corporation	5,455	8,967
Amounts due to associated company	4,576	2,786
Amounts due to related companies	27,087	26,311
	175,546	188,253

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. TRADE AND OTHER PAYABLES (CONTINUED)

The currency exposure profile of trade payables and accruals, employee benefits, amount due to ultimate holding corporation, amounts due to associated company and related companies are as follows:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	128,647	136,567
United States Dollar	34,489	35,352
Japanese Yen	11,653	12,540
Thai Baht	389	2,906
Singapore Dollar	306	846
Euro	62	42
	175,546	188,253

Credit terms of trade payables vary from 30 to 60 days (2016: 30 to 60 days).

The balances due to ultimate holding corporation, associated company and related companies are in respect of trading transactions are unsecured, interest free and have repayment terms of 30 to 60 days (2016: 30 to 60 days) except for the amounts of RM14,348,000 (2016: RM16,277,000) which are in respect of non-trading transactions that are unsecured, interest free and repayable on demand.

13. REVENUE

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Sales of goods	1,122,964	1,086,735

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

14. PROFIT BEFORE TAX

	Combined Entity		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- fees for statutory audits	185	125	185	125
- fees for audit related services	15	375	15	375
- fees for other services	–	5	–	5
Directors' remuneration (Note 22)	4,741	3,291	4,741	3,291
Direct materials cost	681,561	651,444	681,561	651,444
Property, plant and equipment:				
- depreciation	30,549	23,393	30,549	23,393
- write-offs	74	866	74	866
- gain on disposal	(176)	(110)	(176)	(110)
Staff costs:				
- salaries, bonus and other employee benefits	137,541	116,277	137,541	116,277
- defined contribution retirement plan	10,624	9,265	10,624	9,265
	148,165	117,042	148,165	117,042
Technical assistance fees	32,119	31,580	32,119	31,580
Research expenses	13,137	12,473	13,137	12,473
Rental expenses	1,189	1,066	1,189	1,066
Fair value loss/(gain) on derivative financial instruments	4,807	(9,169)	4,807	(9,169)
Foreign exchange:				
- net realised (gain)/loss	(2,386)	8,389	(2,386)	8,389
- net unrealised loss	286	1,079	286	1,079
Provision/(Reversal) of liabilities and charges	1,715	(2,685)	1,715	(2,685)
Interest income	(23,743)	(22,410)	(23,743)	(22,410)
Dividend income from associated company (gross)	–	–	(12,741)	(3,185)

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

15. TAX EXPENSE

	Combined Entity		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current year	28,731	34,447	28,731	34,447
- (over)/under provision in prior year	(9)	1,591	(9)	1,591
	28,722	36,038	28,722	36,038
Deferred tax expense				
- origination and reversal of temporary differences	1,047	3,226	1,047	3,226
- under/(over) provision in prior year	1,212	(992)	1,212	(992)
	30,981	38,272	30,981	38,272
Reconciliation of tax expense				
Profit before tax	158,099	185,172	157,828	179,306
Tax at Malaysian tax rate of 24% (2016: 25%)	37,944	44,441	37,879	43,033
Tax effect of				
- expenses not deductible for tax purpose	71	240	71	240
- tax incentives	(3,799)	(3,405)	(3,799)	(3,405)
- income not subject to tax	(4,438)	(1,431)	(4,373)	(2,195)
- tax effect of associated company	-	(2,172)	-	-
- (over)/under provision of current tax expense in prior year	(9)	1,591	(9)	1,591
- under/(over) provision of deferred tax in prior year	1,212	(992)	1,212	(992)
	30,981	38,272	30,981	38,272

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

16. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Combined Entity		Company	
	2017	2016	2017	2016
Net profit for the financial year attributable to equity holders (RM'000)	127,118	146,900	126,847	141,034
Weighted average number of ordinary shares in issue during the financial year ('000)	60,746	60,746	60,746	60,746
Basic earnings per share (sen)	209	242	209	232

17. DIVIDENDS

Dividends recognised by the Company are as follows:

	Sen per share	Total amount RM'000	Date of payment
2017			
Interim single tier dividend 2017 - Interim single tier dividend	15	9,112	18 January 2017
Final single tier dividend 2016 - Final single tier dividend	124	75,325	23 September 2016
2016			
Interim single tier dividend 2016 - Interim single tier dividend	15	9,112	15 January 2016
Special single tier dividend 2015 - Special single tier dividend	92	55,886	21 September 2015
Final single tier dividend 2015 - Final single tier dividend	35	21,261	21 September 2015

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. DIVIDENDS (CONTINUED)

After the end of the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Combined Entity and the Company.

	Sen per share	Total amount RM'000
Final 2017 ordinary	102	61,961

18. OPERATING SEGMENTS

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision-maker ("CODM") for the purposes of allocating resources and assessing performance. The CODM considers the business from product perspective and assesses the performance of the operating segments based on a measure of profit before taxation as included in the internal management reports. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments within the Company.

The segment information provided to the CODM for the operating segments for the financial year ended 31 March 2017 is as follows:

	Home appliance products		Fan products		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	537,887	535,810	576,604	545,627	1,114,491	1,081,437
Interest income	12,112	8,570	9,808	5,590	21,920	14,160
Depreciation	(14,573)	(6,567)	(11,737)	(9,888)	(26,310)	(16,455)
Profit before taxation	59,050	96,329	85,418	77,146	144,468	173,475
Cash and cash equivalents	248,665	266,088	184,151	168,150	432,816	434,238
Inventories	23,712	20,282	22,175	19,960	45,887	40,242

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

18. OPERATING SEGMENTS (CONTINUED)

	2017 RM'000	2016 RM'000
Revenue		
Total revenue of operating segments	1,114,491	1,081,437
Other unallocated revenue	8,473	5,298
Total revenue based on the statement of profit or loss and other comprehensive income	1,122,964	1,086,735

Revenue of approximately RM1,112,082 (2016: RM1,078,074) within both segments are derived from the Panasonic group of companies as disclosed in Note 22 to the financial statements.

	2017 RM'000	2016 RM'000
Profit before taxation		
Total profit before taxation of the operating segments	144,468	173,475
Other unallocated income	619	2,646
Share of results of associated company (net of tax)	13,012	9,051
Total profit before taxation based on the statement of profit or loss and other comprehensive income	158,099	185,172

	2017 RM'000	2016 RM'000
Cash and cash equivalents		
Total cash and cash equivalents of the operating segments	432,816	434,238
Other unallocated cash and cash equivalents	169,615	167,276
Total cash and cash equivalents based on the statement of financial position	602,431	601,514
Inventories		
Total inventories of the operating segments	45,887	40,242
Other unallocated inventories	4,397	3,602
Total inventories based on the statement of financial position	50,284	43,844

All property, plant and equipment are located in Malaysia.

The amounts provided to the CODM are measured in a manner consistent with that of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. OPERATING SEGMENTS (CONTINUED)

Geographical information

Revenue information based on geographical location is as follows:

	2017 RM'000	2016 RM'000
Malaysia	444,194	415,716
Japan	44,369	37,895
Asia (excluding Malaysia and Japan)	365,209	310,218
North America	2,452	2,581
Europe	3,195	426
Middle East	229,727	291,390
Others	33,818	28,509
	1,122,964	1,086,735

Major customers

The following are major customers with revenue equal or more than 10% of the Combined Entity and Company's total revenue:

	2017 RM'000	2016 RM'000	Revenue Segment
- Panasonic Logistic Asia Pacific	402,489	406,559	Home appliance and fan products
- Panasonic Malaysia Sdn. Bhd.	282,165	266,898	Home appliance and fan products
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	251,741	240,108	Fan products
- KDK Fans (M) Sdn. Bhd.	160,156	147,351	Fan products

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and other financial liabilities measured at amortised cost ("OL").

Combined Entity and Company	Carrying amount RM'000	L&R/ ("OL") RM'000	FVTPL RM'000	Total RM'000
2017				
Financial assets				
Trade and other receivables excluding prepayment	112,572	112,572	–	112,572
Derivative financial instruments	271	–	271	271
Cash and cash equivalents	602,431	602,431	–	602,431
	715,274	715,003	271	715,274
Financial liabilities				
Trade and other payables	(175,546)	(175,546)	–	(175,546)
Derivative financial instrument	(47)	–	(47)	(47)
	(175,593)	(175,546)	(47)	(175,593)
2016				
Financial assets				
Trade and other receivables excluding prepayment	106,927	106,927	–	106,927
Derivative financial instruments	5,151	–	5,151	5,151
Cash and cash equivalents	601,514	601,514	–	601,514
	713,592	708,441	5,151	713,592
Financial liabilities				
Trade and other payables	(188,253)	(188,253)	–	(188,253)
Derivative financial instrument	(120)	–	(120)	(120)
	(188,373)	(188,253)	(120)	(188,373)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.2 Net gains and losses arising from financial instruments

	Combined Entity		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Loans and receivables	25,647	23,523	25,647	23,523
Financial liabilities measured at amortised cost	(4,611)	(1,412)	(4,611)	(1,412)
	21,036	22,111	21,036	22,111

19.3 Financial risk management

The Combined Entity and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

19.4 Credit risk

Credit risk is the risk of a financial loss to the Combined Entity or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Combined Entity and the Company's exposure to credit risk arises principally from its receivables from customers, and deposits with related company.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management monitors the exposure to credit risk on an ongoing basis. Credit evaluations are required to be performed on new customers.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Combined Entity's and the Company's deposits and bank balances and derivative financial instruments are placed or transacted with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company. The likelihood of non-performance by the related company is remote. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The Combined Entity and the Company does not require collateral in respect of receivables and considers the risk of material loss from non-performance on the part of counter-parties to be negligible.

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.4 Credit risk (Continued)

Impairment losses

The ageing of trade receivables, amount due from the ultimate holding corporation, associated company and related companies which are trade related as at the end of the reporting period was:

Combined Entity and Company	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	97,175	–	97,175
Past due 1 - 90 days	–	–	–
Past due more than 90 days	–	–	–
	97,175	–	97,175
2016			
Not past due	90,988	–	90,988
Past due 1 - 90 days	743	–	743
Past due more than 90 days	–	–	–
	91,731	–	91,731

No impairment loss has been made on these amounts as the Combined Entity and the Company are closely monitoring these receivables and are confident of their eventual recovery.

The credit quality of the trade receivables, amount due from associated company, amounts due from related companies that are not past due and not impaired can be assessed by reference to historical analysis of the period of time for which they have been the Combined Entity's and the Company's customers.

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Group 1	–	–
Group 2	91,175	91,731
	91,175	91,731

Group 1 - Customers with no history of default and who have been within the Group for less than 1 year.

Group 2 - Customers with no history of default and who have been with the Group for more than 1 year.

The fair value of the trade receivables approximates their carrying value, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.4 Credit risk (Continued)

Deposits with related company

Risk management objectives, policies and processes for managing the risk

The Combined Entity's and the Company's cash and cash equivalents are deposited with related company. Majority of the Combined Entity's and the Company's deposits and bank balances and derivative financial instruments are placed or transacted with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

19.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the obligations as and when they fall due. The Combined Entity and the Company manage its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to the operating environment and expected cash flows of the Combined Entity and the Company.

The primary tool for monitoring liquidity are the statements of cash flows of the Combined Entity and the Company. All investments must therefore be authorised and be within the planned investment budget prior to any confirmation to invest. Purchases of merchandise for the stocks-in-trade are reviewed, analysed and subsequent inventory holdings must be within the limits as stipulated in the approved Business Plan. All liquid cash are deposited in short-term time deposits with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company.

**NOTES TO THE
FINANCIAL STATEMENTS
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19. FINANCIAL INSTRUMENTS (CONTINUED)

19.5 Liquidity risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the Combined Entity's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Combined Entity and Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2017							
<i>Non-derivative financial liabilities</i>							
Payables	175,546	-	175,546	175,546	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts (gross settled):	(224)						
Outflow	-	-	134,852	134,852	-	-	-
Inflow	-	-	(135,076)	(135,076)	-	-	-
	175,322		175,322	175,322	-	-	-
2016							
<i>Non-derivative financial liabilities</i>							
Payables	188,253	-	188,253	188,253	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts (gross settled):	(5,031)						
Outflow	-	-	56,622	56,622	-	-	-
Inflow	-	-	(61,653)	(61,653)	-	-	-
	183,222		183,222	183,222	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates will affect the Combined Entity's financial position or cash flows.

19.6.1 Currency risk

Risk management objectives, policies and processes for managing the risk

The Combined Entity and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the Ringgit Malaysia ("RM"). The currencies that give rise to this risk are primarily US Dollar ("USD"), Japanese Yen ("JPY"), Singapore Dollar ("SGD") and Euro.

The Combined Entity and the Company use derivative financial instruments such as foreign exchange contracts to cover certain exposures. It does not trade in financial instruments. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Combined Entity and the Company use forward contracts, and transacted with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd. to mitigate foreign exchange risk of highly probable forecasted transactions, such as anticipated future export sales, purchase of equipment and raw materials, as well as payment of services and other related expenditure.

The Combined Entity's and the Company's currency exposure is disclosed in the respective notes for all items of financial assets and liabilities.

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the USD, JPY, SGD and Euro had changed against Ringgit Malaysia by a reasonable possible change as of 31 March 2017 of 12.64% (2016: 17.62%) respectively with all other variables including tax rate being held constant, post-tax profit of the Combined Entity and the Company would have been changed as a result of foreign exchange gains/(losses).

Combined Entity and Company	2017		2016	
	Strengthen RM'000	Weaken RM'000	Strengthen RM'000	Weaken RM'000
US Dollar	12,383	(12,383)	6,115	(6,115)
Japanese Yen	(1,140)	1,140	(1,840)	1,840
Singapore Dollar	(37)	37	(149)	149
Euro	32	(32)	101	(101)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.6 Market risk (Continued)

19.6.2 Interest rate risk

The Combined Entity's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Combined Entity's and the Company's deposits placed with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

Risk management objectives, policies and processes for managing the risk

The Combined Entity's and the Company's surplus funds are placed as short term deposits with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

Exposure to interest rate risk

The interest rate profile of the Combined Entity's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Combined Entity		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	480,000	560,000	480,000	560,000

Fair value sensitivity analysis for fixed rate instruments

The Combined Entity and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Combined Entity and the Company do not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value.

Combined Entity and Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2017					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	271	-	271	271
Financial liability					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	47	-	47	47
2016					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	5,151	-	5,151	5,151
Financial liability					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	120	-	120	120

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. CAPITAL MANAGEMENT

The Combined Entity's objectives when managing capital is to maintain an optimal capital structure and safeguard the Combined Entity's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Combined Entity defines as results from operating activities divided by total shareholders' equity.

There were no changes in the Combined Entity's approach to capital management during the year.

21. CAPITAL AND OTHER COMMITMENTS

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Approved by the Board but not provided for in the financial statements:		
- Contracted	81,232	2,702
- Not contracted	59	124
	81,291	2,826
Analysed as follows:		
- Property, plant and equipment	81,291	2,826

22. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Combined Entity if the Combined Entity or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Combined Entity or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Combined Entity either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Company.

The Combined Entity has related party relationship with its holding corporation, significant investors, subsidiaries, associates and key management personnel.

(a) Associated company and ultimate holding corporation

The associated company is Panasonic Malaysia Sdn. Bhd., a company incorporated in Malaysia. The ultimate holding corporation is Panasonic Corporation, a corporation incorporated in Japan.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. RELATED PARTIES (CONTINUED)

Identity of related parties (Continued)

(b) Related party relationships

Related party	Relationship
Panasonic Corporation ("PC")	Ultimate holding corporation
Panasonic Malaysia Sdn. Bhd. ("PM")	Associated company
Panasonic Management Malaysia Sdn. Bhd. ("PMAM")	Subsidiary of PC
KDK Fans (M) Sdn. Bhd. ("KDK")	Subsidiary of PC
Panasonic Financial Centre (Malaysia) Sdn. Bhd. ("PFI(MY)")	Subsidiary of PC
Panasonic Asia Pacific Pte. Ltd. ("PA")	Subsidiary of PC
Panasonic Ecology Systems Co. Ltd. ("PES")	Subsidiary of PC
Panasonic Ecology Systems (Thailand) Co. Ltd. ("PESTH")	Subsidiary of PC
P.T. Panasonic Manufacturing Indonesia ("PMI")	Subsidiary of PC
Panasonic A.P. Sales (Thailand) Co. Ltd. ("PAT")	Subsidiary of PC
Panasonic Home Appliance India Co. Ltd. ("PHAI")	Subsidiary of PC
Panasonic Vietnam Co. Ltd. ("PV")	Subsidiary of PC
Panasonic Energy Malaysia Sdn. Bhd. ("PECMY")	Subsidiary of PC
Panasonic Marketing Sales Taiwan Co.	Subsidiary of PC
Panasonic Hong Kong Co. Ltd. ("PHK")	Subsidiary of PC
Panasonic Industrial Devices Automation Controls Sales Asia Pacific ("PIDACSAP")	Subsidiary of PC
Panasonic Eco Solutions (Hong Kong) Co. Ltd. ("PESHK")	Subsidiary of PC
Panasonic Appliances (Thailand) Co. Ltd. ("PAPTH")	Subsidiary of PC
Panasonic Electric Works Co. Ltd.	Subsidiary of PC
Panasonic Electronic Works (Asia Pacific) Pte. Ltd.	Subsidiary of PC
Panasonic Semiconductor Asia Pte. Ltd.	Subsidiary of PC
Panasonic Corporation's Corporate Manufacturing Innovation Division ("CIMD")	Subsidiary of PC
Panasonic Systems Asia Pacific ("PSY")	Subsidiary of PC
Panasonic Marketing Middle East and Africa FZE ("PMMAF")	Subsidiary of PC
Panasonic Singapore ("PSP")	Subsidiary of PC
Panasonic AVC Networks Johor (M) Sdn. Bhd. ("PAVCJM")	Subsidiary of PC
Panasonic AVC Networks KL (M) Sdn. Bhd. ("PAVCKM")	Subsidiary of PC
Panasonic Appliances Foundry Malaysia Sdn. Bhd. ("PAPFMT")	Subsidiary of PC
Panasonic Appliances Refrigeration Devices Malaysia Sdn. Bhd. ("PAPRDMY")	Subsidiary of PC
Panasonic System Networks (M) Sdn. Bhd. ("PSNM")	Subsidiary of PC
Panasonic Liquid Crystal Display Malaysia Sdn. Bhd. ("PLDM")	Subsidiary of PC
Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd. ("PAPAMY")	Subsidiary of PC
Panasonic (CIS) OY ("PMCIS")	Subsidiary of PC
Panasonic Procurement Malaysia Sdn. Bhd. ("PPMY")	Subsidiary of PC
Panasonic Industrial Devices Malaysia Sdn. Bhd. ("PIDMY")	Subsidiary of PC
Panasonic Logistics Asia Pacific ("PLAP")	Subsidiary of PC
Panasonic Industrial Devices Semiconductor Sales Asia ("PIDSCSA")	Subsidiary of PC
Panasonic Industrial Devices Singapore Pte. Ltd. ("PIDSG")	Subsidiary of PC
Panasonic Eco Solutions (Asia Pacific) Pte. Ltd. ("PESAP")	Subsidiary of PC

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

22. RELATED PARTIES (CONTINUED)

(c) Significant related party transactions

		Combined Entity and Company	
		2017 RM'000	2016 RM'000
(i)	Sales of products and related components to related parties:		
	- Panasonic Logistic Asia Pacific	400,471	405,833
	- Panasonic Malaysia Sdn. Bhd.	279,485	265,769
	- KDK Fans (M) Sdn. Bhd.	159,924	147,172
	- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	251,741	240,108
	- Panasonic Procurement Malaysia Sdn. Bhd.	10,498	12,868
	- P.T. Panasonic Manufacturing Indonesia	9,612	6,055
	- Panasonic Ecology System (Thailand) Co. Ltd.	351	270
	- Panasonic Corporation	—	1,947
	- Panasonic AVC Networks Johor (M) Sdn. Bhd.	—	17
(ii)	Sales of service parts to related parties:		
	- Panasonic Malaysia Sdn. Bhd.	2,680	1,129
	- Panasonic Logistic Asia Pacific	2,018	726
	- KDK Fans (M) Sdn. Bhd.	233	179
	- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	497	245
	- Panasonic Industrial Devices Malaysia Sdn. Bhd.	1,371	275
	- Panasonic AVC Networks Johor (M) Sdn. Bhd.	—	819
	- Panasonic AVC Networks KL (M) Sdn. Bhd.	—	16
	- Panasonic Production Engineering Co. Ltd.	1,245	1,673
	- Panasonic Procurement Malaysia Sdn. Bhd.	1	—
(iii)	Purchase of parts, components and raw materials from related parties:		
	- Panasonic Procurement Malaysia Sdn. Bhd.	251,812	222,133
	- Panasonic Corporation	13,097	8,716
	- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	5,326	11,518
	- Panasonic Industrial Devices Malaysia Sdn. Bhd.	203	306
	- Panasonic Industrial Devices Singapore Pte. Ltd.	510	1,338
	- Panasonic Semiconductor Asia Pte. Ltd.	539	272
	- P.T. Panasonic Manufacturing Indonesia	100	202
	- Panasonic Industrial Devices Automation Controls Sales Asia Pacific	232	512
(iv)	Technical assistance fee paid and payable to related parties:		
	- Panasonic Corporation	15,356	15,535
	- Panasonic Ecology Systems Co. Ltd.	16,763	16,045
(v)	Interest income received and receivable from a related party:		
	- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	23,743	22,410

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. RELATED PARTIES (CONTINUED)

(c) Significant related party transactions (Continued)

		Combined Entity and Company	
		2017 RM'000	2016 RM'000
(vi)	Sales promotion, warranty claims and/or service expenses paid and payable to related parties:		
	- Panasonic Malaysia Sdn. Bhd.	6,657	4,859
	- Panasonic A.P. Sales (Thailand) Co. Ltd.	5,310	4,447
	- Panasonic Corporation	5,555	4,475
	- KDK Fans (M) Sdn. Bhd.	2,007	1,472
	- Panasonic Vietnam Co. Ltd.	2,910	1,438
(vii)	Research and development expenditure paid and payable to related parties:		
	- Panasonic Corporation	5,648	5,369
(viii)	Brand license fee paid and payable to related parties:		
	- Panasonic Corporation	—	7,879
	- Panasonic Ecology Systems Co. Ltd.	2,877	2,675
(ix)	Global sales service support fee paid and payable to a related party:		
	- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	1,175	1,025
(x)	IT annual maintenance and support fees, and additional customization costs for the Sapphire, GLICS and Oracle system paid and payable to related parties:		
	- Panasonic Asia Pacific Pte. Ltd. (Oracle System Project)	474	455
	- Panasonic Corporation	2,963	2,631
(xi)	Purchase of fixed assets from a related company:		
	- Panasonic Corporation	4,331	1,283
(xii)	Manufacturing innovation services received and receivable from a related company		
	- Panasonic Corporation's Corporate Manufacturing Innovation Division	3,917	3,571

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

22. RELATED PARTIES (CONTINUED)

(d) Significant outstanding related party balances

Significant outstanding balances at reporting date arising from trade and non-trade transactions with related parties during the financial year are as follows:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Amount due to:		
- Panasonic Corporation	5,455	8,967
- Panasonic Malaysia Sdn. Bhd.	4,576	2,786
- Panasonic Procurement Malaysia Sdn. Bhd.	20,274	20,383
- Panasonic A.P. Sales (Thailand) Co. Ltd.	431	2,871
- Panasonic Vietnam Co. Ltd.	9	211
- Panasonic Asia Pacific Pte. Ltd.	427	99
- Panasonic Management Malaysia Sdn. Bhd.	750	387
- Panasonic Industrial Devices Singapore Pte. Ltd.	41	90
- Other related companies	5,155	2,270
	37,118	38,064
Amount due from:		
- Panasonic Corporation	1,026	977
- Panasonic Malaysia Sdn. Bhd.	18,414	20,465
- Panasonic Logistic Asia Pacific	29,523	26,621
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	37,849	31,023
- KDK Fans (M) Sdn. Bhd.	8,865	10,533
- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	2,507	1,729
- Other related companies	3,164	2,869
	101,348	94,217

(e) Key management personnel compensation

The aggregate amounts of remuneration received or receivable by Directors and other members of key management personnel of the Company during the financial year are as follows:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Directors' fees and meeting allowance	448	374
Salaries, allowance, bonus and other remuneration	17,848	13,676
Defined contribution retirement plan	680	640
	18,976	14,690

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. RELATED PARTIES (CONTINUED)

(e) Key management personnel compensation (Continued)

The aggregate amounts of emoluments receivable by Directors of the Combined Entity and the Company during the financial year are as follow:

	Combined Entity and Company	
	2017 RM'000	2016 RM'000
Non-Executive Directors:		
- fees	376	342
- others	72	32
Executive Directors:		
- salaries, bonus and other remuneration	4,230	2,853
- defined contribution retirement plan	63	64
	4,741	3,291

The estimated monetary value of benefits provided to Executive Directors during the financial year amounted to RM223,778 (2016: RM186,867).

The estimated monetary value of benefits provided to Executive Directors and other members of key management personnel during the financial year amounted to RM880,664 (2016: RM731,563).

Included in key management personnel compensation is the Executive Directors' remuneration of RM4,292,806 (2016: RM2,916,761).

**NOTES TO THE
FINANCIAL STATEMENTS
(Cont'd)**

23. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Combined Entity and of the Company as at 31 March, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirement, are as follows:

	Combined Entity		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of Company:				
- Realised	605,574	553,231	605,574	553,231
- Unrealised	5,911	15,844	5,911	15,844
	611,485	569,075	611,485	569,075
Total retained earnings from associated company:				
- Realised	155,136	153,575	–	–
- Unrealised	(5,583)	(4,293)	–	–
Total retained earnings	761,038	718,357	611,485	569,075

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

pursuant to Sections 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 50 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Combined Entity and of the Company as of 31 March 2017 and of their financial performance and cash flows for the year ended on that date.

In the opinion of the Directors, the information set out in Note 23 on page 102 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Datuk Asmat bin Kamaludin
Director

Toyokatsu Okamoto
Director

Kuala Lumpur,

Date: 30 May 2017

STATUTORY DECLARATION

pursuant to Sections 251(1)(b) of the Companies Act 2016

I, **Takayuki Tadano**, the Director primarily responsible for the financial management of **Panasonic Manufacturing Malaysia Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 50 to 102 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Takayuki Tadano, Passport No.: TK0853950, at Petaling Jaya in the State of Selangor on 30 May 2017.

Takayuki Tadano

Before me:
Najmi Dawami bin Abdul Hamid
@ **Mohd Akib**
Pesuruhjaya Sumpah

INDEPENDENT AUDITORS' REPORT

to the members of
Panasonic Manufacturing Malaysia Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Panasonic Manufacturing Malaysia Berhad, which comprise the statements of financial position as of 31 March 2017 of the Combined Entity and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Combined Entity and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Combined Entity and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Combined Entity and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Combined Entity and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Combined Entity and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

(i) Carrying amount of inventories

Refer to Note 2(f) - Inventories and Note 6 - Inventories to the financial statements.

The key audit matter

The Combined Entity and the Company held significant inventory balances as at 31 March 2017 of RM50,284,000. There is a risk over the valuation of inventories due to possible slow moving and obsolete inventories. Slow moving inventories may be due to items that are generally not fast moving such as replacement parts for the upkeep of the products sold. Obsolete inventories may be due to phasing out of older models or inventories that are no longer saleable. The valuation of inventories is a key audit matter because of the judgement involved in assessing the level of inventory allowance required.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We tested the design and effectiveness of controls over the identification of slow moving inventories and obtained an understanding of the Company's process for measuring the amount of write down required and tested the appropriateness of the costing of inventories.
- We compared the cost of the different lines of inventory against expected net realisable value, to determine if the carrying value of inventory was overstated.

(ii) Provision for liabilities and charges

Refer to Note 2(j)(i) - Provision for rework cost, Note 2(j)(ii) - Provision for warranty and Note 11 - Provision for liabilities and charges to the financial statements.

The key audit matter

As of 31 March 2017, the Combined Entity and the Company recorded provision for warranty of RM2,224,000. The Combined Entity and the Company have exercised judgement in making these provisions in respect of the warranty obligations arising from the sale of goods. The Combined Entity and the Company identified specific instances where a warranty exposure has arisen and recorded its best estimate of its future obligations.

A provision for rework cost of RM864,000 was recorded based on management's best estimate of the expenditure for certain products to inspect, repair or replace items that are found not performing to the Company's quality standards.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained an understanding of the provision processes, evaluated the design of, and performed test of controls in these areas.
- We evaluated the appropriateness of the Company's processes, evaluated and tested assumptions used in the determination of the provisions and tested the validity of the data used in the calculations by comparing it to the actual claims in prior years and the rework cost per unit incurred.

INDEPENDENT AUDITORS' REPORT (Cont'd)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Combined Entity and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Combined Entity and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Combined Entity and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Combined Entity and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatements therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Combined Entity and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of these financial statements of the Combined Entity and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Combined Entity and of the Company, the Directors are responsible for assessing the ability of the Combined Entity and of the Company to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Combined Entity or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Combined Entity and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Combined Entity and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Combined Entity or of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Combined Entity or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements of the Combined Entity and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Combined Entity or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Combined Entity and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Combined Entity to express an opinion on the financial statements of the Combined Entity. We are responsible for the direction, supervision and performance of the Combined Entity audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Combined Entity and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (Cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 23 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Mok Wan Kong
Approval Number: 02877/12/2018 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 30 May 2017

LIST OF PROPERTIES OWNED BY THE COMPANY

Location	Description	Land Area (Acres)	Tenure	Date of Acquisition	Approximate Age of Buildings (Years)	Net Book Value (RM'000)
No. 3 Jalan Sesiku 15/2 Section 15 Shah Alam Industrial Site 40200 Shah Alam Selangor Darul Ehsan	Land	14.4	Leasehold, 99 years 92 years 84 years (Expires in the year 2065)	6-Jul-1966 25-Jun-1973 29-Sep-1981		150
						47
						228
	Factory and administrative office				8 - 51	3,001
No. 9 Jalan Pelabur 23/1 Section 23 40300 Shah Alam Selangor Darul Ehsan	Land	17.1	Leasehold, 99 years (Expires in the year 2090)	11-Apr-1991		5,597
	Factory and administrative office				5 - 26	732

STATISTICS ON SHAREHOLDINGS

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	RM60,745,780.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	928	18.28	17,086	0.03
100 - 1,000	2,401	47.30	1,225,076	2.02
1,001 - 10,000	1,451	28.59	4,680,097	7.70
10,001 - 100,000	254	5.00	6,992,111	11.51
100,001 to 3,037,288 (less than 5% of issued shares)	40	0.79	15,471,993	25.47
3,037,289 and above (5% and above of issued shares)	2	0.04	32,359,417	53.27
Total	5,076	100.00	60,745,780	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	No. of Shares		%
				Deemed Interest	
1	Siew Pui Ling	100	0.00	–	–

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest	No. of Shares		%
				Deemed Interest	
1	Panasonic Management Malaysia Sdn Bhd	28,823,871	47.45	–	–
2	Employees Provident Fund Board - Citigroup Nominees (Tempatan) Sdn Bhd	4,376,646	7.21	–	–
3	Panasonic Corporation	–	–	28,823,871	47.45
4	Panasonic Holding (Netherlands) B.V.	–	–	28,823,871	47.45
5	Panasonic Asia Pacific Pte. Ltd	–	–	28,823,871	47.45
6	Kumpulan Wang Persaraan (Diperbadankan)	2,154,300	3.55	876,300	1.44
7	Aberdeen Asset Management PLC	–	–	6,072,300	10.00

STATISTICS ON SHAREHOLDINGS (Cont'd)

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	PANASONIC MANAGEMENT MALAYSIA SDN. BHD.	28,823,871	47.45
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,535,546	5.82
3	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	2,144,600	3.53
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	1,906,800	3.14
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (n14011940100)	1,367,500	2.25
6	CHINCHOO INVESTMENT SDN BERHAD	1,259,748	2.07
7	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,078,319	1.78
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	864,700	1.42
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	670,600	1.10
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	477,100	0.79
11	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	328,380	0.54
12	MAYOON SDN BHD	320,000	0.53
13	SHEN & SONS SDN BHD	272,000	0.45
14	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	270,000	0.44
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	269,277	0.44
16	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR YEO GEOK CHOO (19003)	241,538	0.40
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	225,200	0.37
18	HO HAN SENG	210,000	0.35
19	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR TAI TAK SECURITIES PTE LTD (1442)	209,000	0.34

**STATISTICS ON
SHAREHOLDINGS
(Cont'd)**

30 LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
20	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	208,000	0.34
21	TAN KAH GHIE MARY @ TAN KAH GHEE MARY	204,800	0.34
22	LAI YAN YONG	194,000	0.32
23	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR YEO KOK GEE (19359)	184,478	0.30
24	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE-SGD)	165,000	0.27
25	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR CHONG YEAN FONG (1139)	158,600	0.26
26	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR CHONG KAH MIN (1835)	157,920	0.26
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	157,684	0.26
28	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR TEO POH LIAN PRIVATE LIMITED (16458277-A44)	157,422	0.26
29	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR CHONG KAH YUNG (1854)	150,513	0.25
30	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	148,700	0.24
Total		46,361,296	76.32

HISTORY OF DIVIDEND PAYMENT

Financial Year / Period	Paid-Up Capital (RM)	Cash Dividend Rate			Stock Dividend Rate	Total Dividend Rate	Gross Cash Dividend (RM)	Tax Rate			Taxation Amount (RM)	Net Cash Dividend (RM)
		Interim	Final	Special				Interim	Final	Special		
3 / 2017	60,745,780	15%	102%	0%	—	117%	71,072,563	S/T	S/T	S/T	—	71,072,563
3 / 2016	60,745,780	15%	124%	0%	—	139%	84,436,634	S/T	S/T	S/T	—	84,436,634
3 / 2015	60,745,780	15%	35%	92%	—	142%	86,259,008	S/T	S/T	S/T	—	86,259,008
3 / 2014	60,745,780	15%	35%	23%	—	73%	44,344,419	25%	S/T	S/T	2,277,967	42,066,452
3 / 2013	60,745,780	15%	35%	138%	—	188%	114,202,066	25%	25%	25%	28,550,516	85,651,550
3 / 2012	60,745,780	15%	35%	70%	—	120%	72,894,936	25%	25%	25%	18,223,734	54,671,202
3 / 2011	60,745,780	15%	35%	95%	—	145%	88,081,381	25%	25%	25%	22,020,345	66,061,036
3 / 2010	60,745,780	15%	35%	70%	—	120%	72,894,936	25%	25%	25%	18,223,734	54,671,202
3 / 2009	60,745,780	15%	35%	55%	—	105%	63,783,069	25%	25%	25%	15,945,767	47,837,302
3 / 2008	60,745,780	15%	35%	65%	—	115%	69,857,647	T/E	25%	25%	15,186,445	54,671,202
3 / 2007	60,745,780	15%	35%	65%	—	115%	69,857,647	T/E	T/E	T/E	T/E	69,857,647
3 / 2006	60,745,780	15%	35%	65%	—	115%	69,857,647	28%	T/E	T/E	2,551,323	67,306,324
3 / 2005	60,745,780	15%	35%	150%	—	200%	121,491,560	28%	28%	28%	34,017,637	87,473,923
3 / 2004	60,745,780	15%	35%	10%	—	60%	36,447,468	28%	28%	28%	10,205,291	26,242,177
3 / 2003	60,745,780	10%	40%	—	70%	120%	30,372,890	28%	28%	—	8,504,409	21,868,481
3 / 2002	35,732,812	15%	35%	—	—	50%	17,866,406	28%	28%	—	5,002,593	12,863,813
3 / 2001	35,732,812	15%	35%	—	—	50%	17,866,406	T/E	28%	—	3,501,815	14,364,591
3 / 2000	35,732,812	15%	35%	—	—	50%	17,866,406	T/E	T/E	—	T/E	17,866,406
3 / 1999	35,732,812	15%	35%	—	—	50%	17,866,406	28%	T/E	—	1,500,778	16,365,628
3 / 1998	35,732,812	15%	35%	—	10%	60%	17,866,406	28%	28%	—	5,002,593	12,863,813
3 / 1997	32,484,375	10%	40%	20%	—	70%	22,739,063	30%	30%	30%	6,821,719	15,917,344
3 / 1996	32,484,375	10%	40%	—	—	50%	16,242,188	30%	30%	—	4,872,656	11,369,532
3 / 1995	32,484,375	10%	30%	—	—	40%	12,993,750	30%	30%	—	3,898,125	9,095,625
3 / 1994	32,484,375	10%	30%	—	—	40%	12,993,750	32%	32%	—	4,158,000	8,835,750
3 / 1993	32,484,375	10%	30%	—	50%	90%	12,993,750	34%	34%	—	4,417,875	8,575,875
3 / 1992	21,656,250	—	40%	—	—	40%	8,662,500	—	35%	—	3,031,875	5,630,625
3 / 1991	21,656,250	—	40%	—	—	40%	8,662,500	—	35%	—	3,031,875	5,630,625
3 / 1990	21,656,250	—	35%	—	—	35%	7,579,688	—	35%	—	2,652,891	4,926,797
3 / 1989	21,656,250	—	25%	—	—	25%	5,414,063	—	35%	—	1,894,922	3,519,141
3 / 1988	21,656,250	—	25%	—	—	25%	5,414,063	—	40%	—	2,165,625	3,248,438
3 / 1987	21,656,250	—	25%	—	10%	35%	5,414,063	—	40%	—	2,165,625	3,248,438
12 / 1985	19,687,500	—	25%	—	—	25%	4,921,875	—	40%	—	1,968,750	2,953,125
12 / 1984	19,687,500	—	35%	—	—	35%	6,890,625	—	40%	—	2,756,250	4,134,375
12 / 1983	19,687,500	—	35%	—	—	35%	6,890,625	—	40%	—	2,756,250	4,134,375
12 / 1982	19,687,500	—	20%	—	50%	70%	3,937,500	—	40%	—	1,575,000	2,362,500
12 / 1981	13,125,000	—	20%	—	—	20%	2,625,000	—	40%	—	1,050,000	1,575,000
12 / 1980	13,125,000	—	20%	—	25%	45%	2,625,000	—	40%	—	1,050,000	1,575,000
12 / 1979	10,500,000	—	20%	—	—	20%	2,100,000	—	40%	—	840,000	1,260,000
12 / 1978	10,500,000	—	20%	—	—	20%	2,100,000	—	40%	—	840,000	1,260,000
12 / 1977	10,500,000	—	20%	—	—	20%	2,100,000	—	40%	—	840,000	1,260,000
12 / 1976	10,500,000	—	15%	5%	—	20%	2,100,000	—	40%	40%	840,000	1,260,000
12 / 1975	10,500,000	—	15%	—	200%	215%	1,575,000	—	40%	—	630,000	945,000
12 / 1974	3,000,000	—	15%	—	—	15%	450,000	—	40%	—	180,000	270,000
12 / 1973	3,000,000	—	15%	—	—	15%	450,000	—	40%	—	180,000	270,000
12 / 1972	3,000,000	—	12%	5%	—	17%	510,000	—	T/E	40%	60,000	450,000
12 / 1971	3,000,000	—	12%	—	—	12%	360,000	—	T/E	—	T/E	360,000
12 / 1970	3,000,000	—	12%	—	—	12%	360,000	—	T/E	—	T/E	360,000
12 / 1969	3,000,000	—	10%	—	—	10%	300,000	—	T/E	—	T/E	300,000
12 / 1968	3,000,000	—	0%	—	—	0%	—	—	—	—	—	—
12 / 1967	3,000,000	—	0%	—	—	0%	—	—	—	—	—	—
12 / 1966	3,000,000	—	0%	—	—	0%	—	—	—	—	—	—
Total (Since Date of Incorporation)							1,273,518,341				245,392,385	1,028,125,956

T/E - Tax-exempt
S/T - Single-Tier

NOTICE OF 52ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting of the Company will be held at Hall 11, IDEAL Convention Centre Sdn Bhd, Level 7, Corporate Tower, Jalan Pahat K15/K, 40200 Shah Alam, Selangor on Wednesday, 30 August 2017 at 10.30 a.m. to transact the following business:

AGENDA

As Ordinary Business:

- | | |
|--|------------------------|
| 1. To receive the Statutory Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon. | (Resolution 1) |
| 2. To declare a final single tier dividend of 102 sen per ordinary share for the financial year ended 31 March 2017. | (Resolution 2) |
| 3. To re-elect the following Directors who are retiring in accordance with Article 97 of the Company's Articles of Association: | |
| a. Takayuki Tadano | (Resolution 3) |
| b. Siew Pui Ling | (Resolution 4) |
| 4. To re-elect the following Directors who are retiring in accordance with Article 102 of the Company's Articles of Association: | |
| a. Toyokatsu Okamoto | (Resolution 5) |
| b. Raja Anuar bin Raja Abu Hassan | (Resolution 6) |
| c. Yuji Kogure | (Resolution 7) |
| d. Yasuo Tonooka | (Resolution 8) |
| 5. To re-appoint Tan Sri Asmat bin Kamaludin as Director of the Company. | (Resolution 9) |
| 6. To re-appoint Datuk Supperamaniam a/l Manickam as Director of the Company. | (Resolution 10) |
| 7. To approve the payment of Directors' fees not exceeding RM440,000 in respect of the financial year ending 31 March 2018. | (Resolution 11) |
| 8. To approve the payment of meeting attendance allowance to Independent Directors as per Table A with effect from February 2017 until otherwise resolved. | (Resolution 12) |
| 9. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 13) |

NOTICE OF THE 52ND ANNUAL GENERAL MEETING (Cont'd)

As Special Business:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

9. Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company to renew the existing shareholders' mandate and to grant new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") for the Company to enter into the following recurrent related party transactions:

- | | |
|---|------------------------|
| (i) Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and/or service expenses with those related parties as specified in Sections 2.2(a)(i) to 2.2(a)(iv) and Section 2.2 (b) of the Circular to Shareholders dated 31 July 2017. | (Resolution 14) |
| (ii) Payment of fees to those related parties as specified in Section 2.2(a)(v) and receipt of fees from those related parties as specified in Sections 2.2(a)(vi) of the Circular to Shareholders dated 31 July 2017. | (Resolution 15) |
| (iii) Placement of cash deposits and other treasury services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(vii) of the Circular to Shareholders dated 31 July 2017. | (Resolution 16) |

THAT the Proposed Shareholders' Mandate is subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under the Listing Requirements and/or the relevant Practice Notes; and
- (c) annual renewal and such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340 of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Companies Act, 2016), whichever is earlier.

AND THAT the Directors be and are hereby authorised to complete and execute all such acts and things (including such documents as may be required) to give effect to the transactions contemplated and/or authorised by these Ordinary Resolutions."

**NOTICE OF THE 52ND
ANNUAL GENERAL MEETING
(Cont'd)**

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that a final single tier dividend of 102 sen per ordinary share for the financial year ended 31 March 2017, will be paid on 25 September 2017 to depositors registered in the Record of Depositors and Register of Members at the close of business on 8 September 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 4.00 p.m. on 8 September 2017 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Company Secretary

Shah Alam
31 July 2017

Notes:

- 1. A Member entitled to attend and vote is entitled to appoint 1 proxy but not more than 2 proxies to attend and vote instead of him and the Member shall specify the proportion of his shareholdings to be represented by each proxy. When a Member is an exempt authorised nominee, there is no limit to the number of proxies which it may appoint.
- 2. The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under Common Seal or under the hand of the officer or attorney duly authorised.
- 3. The instrument appointing a proxy or proxies must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.

NOTICE OF THE 52ND ANNUAL GENERAL MEETING (Cont'd)

4. Explanatory Note to Ordinary Business

Resolutions 12

Section 230(1) of the Companies Act 2016 requires the benefits payable to Independent Directors of the Company to be approved at a general meeting. The approval for the payment of meeting attendance allowance in Table A below is sought for the shareholders' approval and shall take effect from February 2017 onward until such a time a revision is proposed.

Table A

Attendance Allowance	Chairman	Member
Board of Directors	RM600.00	RM600.00
Audit Committee	RM600.00	RM600.00
Nomination Committee	RM600.00	RM600.00
Remuneration Committee	RM600.00	RM600.00

5. Explanatory Note to Special Business:

Resolutions 14 to 16

Please refer to the Circular to Shareholders dated 31 July 2017 for further information.

6. Depositors who appear in the Record of Depositors as at 21 August 2017 shall be regarded as Member of the Company entitled to attend the 52nd Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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Panasonic Manufacturing Malaysia Berhad (6100-K)
(Incorporated in Malaysia)

Form of Proxy

CDS Account No. _____

I/We, _____
*NRIC No./Company No./Passport No. _____ of _____
_____ being a Member of

Panasonic Manufacturing Malaysia Berhad hereby appoint _____
of _____
*and/or failing him/her _____
of _____

or failing him/her *the Chairman of the Meeting as my/our proxy/proxies to vote on my/our behalf at the 52nd Annual General Meeting of the Company to be held at Hall 11, IDEAL Convention Centre Sdn Bhd, Level 7, Corporate Tower, Jalan Pahat K15/K, 40200 Shah Alam, Selangor on Wednesday, 30 August 2017 at 10.30 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:

Resolutions	Ordinary Business	For	Against
1.	Receipt of the Statutory Financial Statements.		
2.	Declaration of a final single tier dividend of 102 sen per ordinary share.		
3.	Re-election of Takayuki Tadano.		
4.	Re-election of Siew Pui Ling.		
5.	Re-election of Toyokatsu Okamoto.		
6.	Re-election of Raja Anuar bin Raja Abu Hassan.		
7.	Re-election of Yuji Kogure.		
8.	Re-election of Yasuo Tonooka.		
9.	Re-appointment of Tan Sri Asmat bin Kamaludin.		
10.	Re-appointment of Datuk Supperamaniam a/l Manickam.		
11.	Approval of the payment of Directors' fees.		
12.	Approval of the payment of meeting attendance allowance.		
13.	Appointment of Auditors.		
	Special Business		
14.	Ordinary Resolution: Approval of Recurrent Related Party Transactions ("RRPT") - Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and/or service expenses.		
15.	Ordinary Resolution: Approval of RRPT - Payment and receipt of fees.		
16.	Ordinary Resolution: Approval of RRPT - Placement of cash deposits and other treasury services.		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy	%
Second named proxy	%
	<u>100%</u>

In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

Signed this _____ day of _____ 2017

Signature / Common Seal of Shareholder

Notes:

1. A Member entitled to attend and vote is entitled to appoint 1 proxy but not more than 2 proxies to attend and vote instead of him and the Member shall specify the proportion of his shareholdings to be represented by each proxy. When a Member is an exempt authorised nominee, there is no limit to the number of proxies which it may appoint.
2. The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under Common Seal or under the hand of the officer or attorney duly authorised.
3. The instrument appointing a proxy or proxies must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.
4. Depositors who appear in the Record of Depositors as at 21 August 2017 shall be regarded as Member of the Company entitled to attend the 52nd Annual General Meeting or appoint a proxy to attend and vote on his behalf.

* Strike out whichever is not applicable.



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Affix
Stamp

The Share Registrars
Panasonic Manufacturing Malaysia Berhad
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6 KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

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